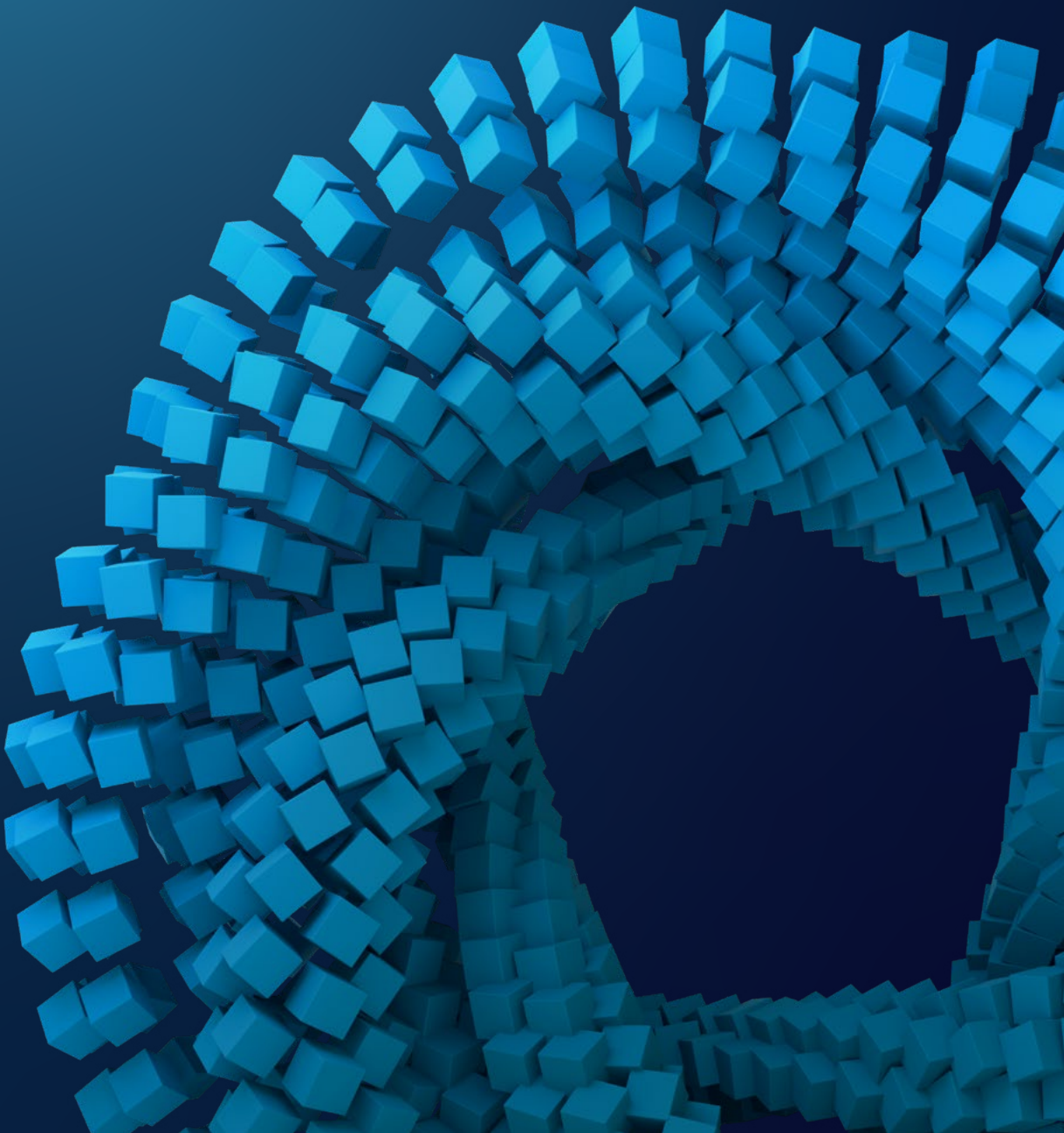
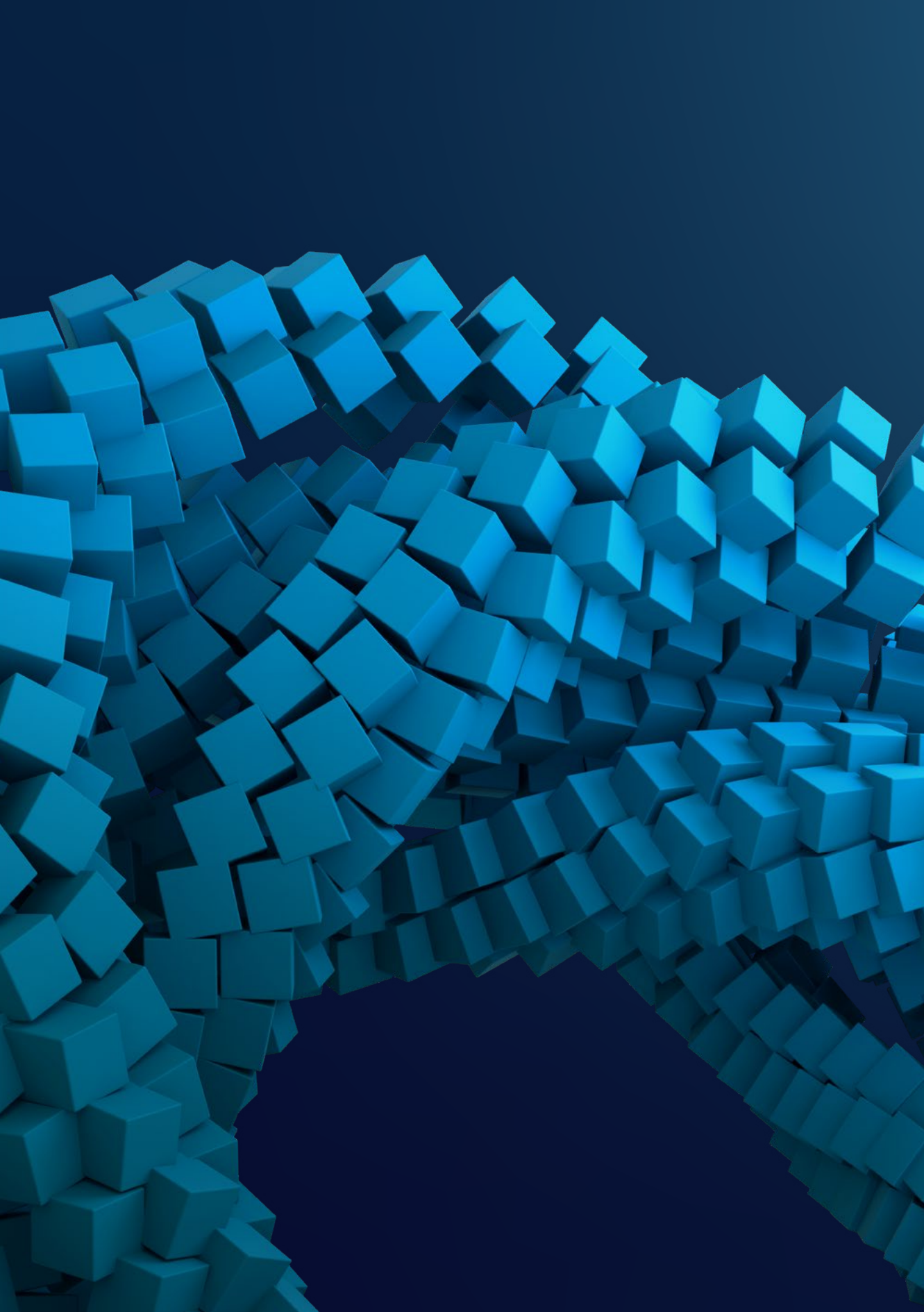


Annual Report 2024–25





A large, abstract graphic on the left side of the page consists of numerous blue cubes of varying sizes, some of which are tilted or floating, creating a sense of depth and movement. The cubes are rendered in a light blue color against a darker blue background.

During 2024–25, amidst a world that continues to rapidly shift geopolitically, socially and technologically, the Future Fund was confirmed as an enduring national asset. We have since been evolving the organisation to enhance the long-term value and contribution we deliver to the nation.

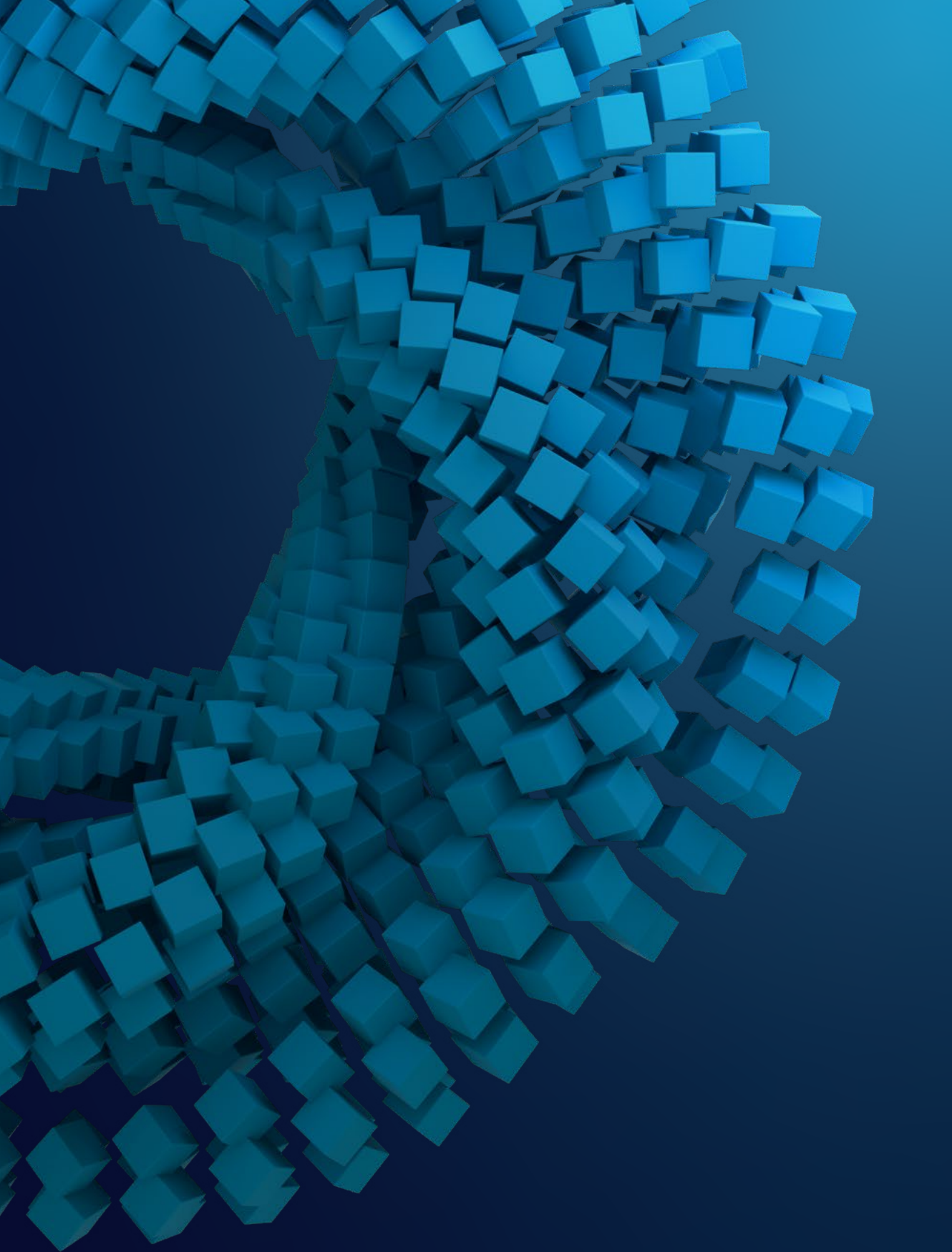


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An HTML version of this report is available on the Transparency Portal at www.transparency.gov.au

Data in this report may not sum due to rounding. Investment performance data in the main sections of this report may not correspond directly with data in the financial statements due to differences in classification.

Investment performance data presented in the main sections of the report includes the investments and notional values of derivatives held by both the Future Fund and Future Fund Investment Companies. The Statement of Financial Position in the financial statements presents the investments and net market value of derivatives held directly by the Future Fund and the Future Fund Investment Companies as one aggregated number. As an aid to readers, this report includes a glossary of abbreviations, and an alphabetical index.

Material as supplied

Provided you have not modified or transformed the material in any way (including, for example, by changing the text; calculating percentage changes; graphing or charting data; or deriving new statistics from published statistics), the Future Fund prefers the following attribution: Source: the Future Fund.

Feedback

If you have questions about any aspect of this report, please contact the Future Fund via contact@futurefund.gov.au or (03) 8656 6400.

About this report

This report describes the governance, operations and performance of the Future Fund Board of Guardians and the Future Fund Management Agency over the 2024–25 financial year. Additional information, including periodic investment and operational updates, policies and plans, is available at www.futurefund.gov.au

> 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.

Letter of transmittal

30 September 2025

Dear Minister

I am pleased to present the Annual Report of the Future Fund Board of Guardians (Board) and the Future Fund Management Agency (Agency) for the 2024–25 financial year.

The Report was prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 81 of the *Future Fund Act 2006* and includes the required disclosures in relation to the Future Fund, the Medical Research Future Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund, the Disaster Ready Fund, the Housing Australia Future Fund, and the DisabilityCare Australia Fund.

The Report includes the Board and Agency's audited financial statements as required by section 34(i) of the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.

As Accountable Authority of the Agency, I certify that:

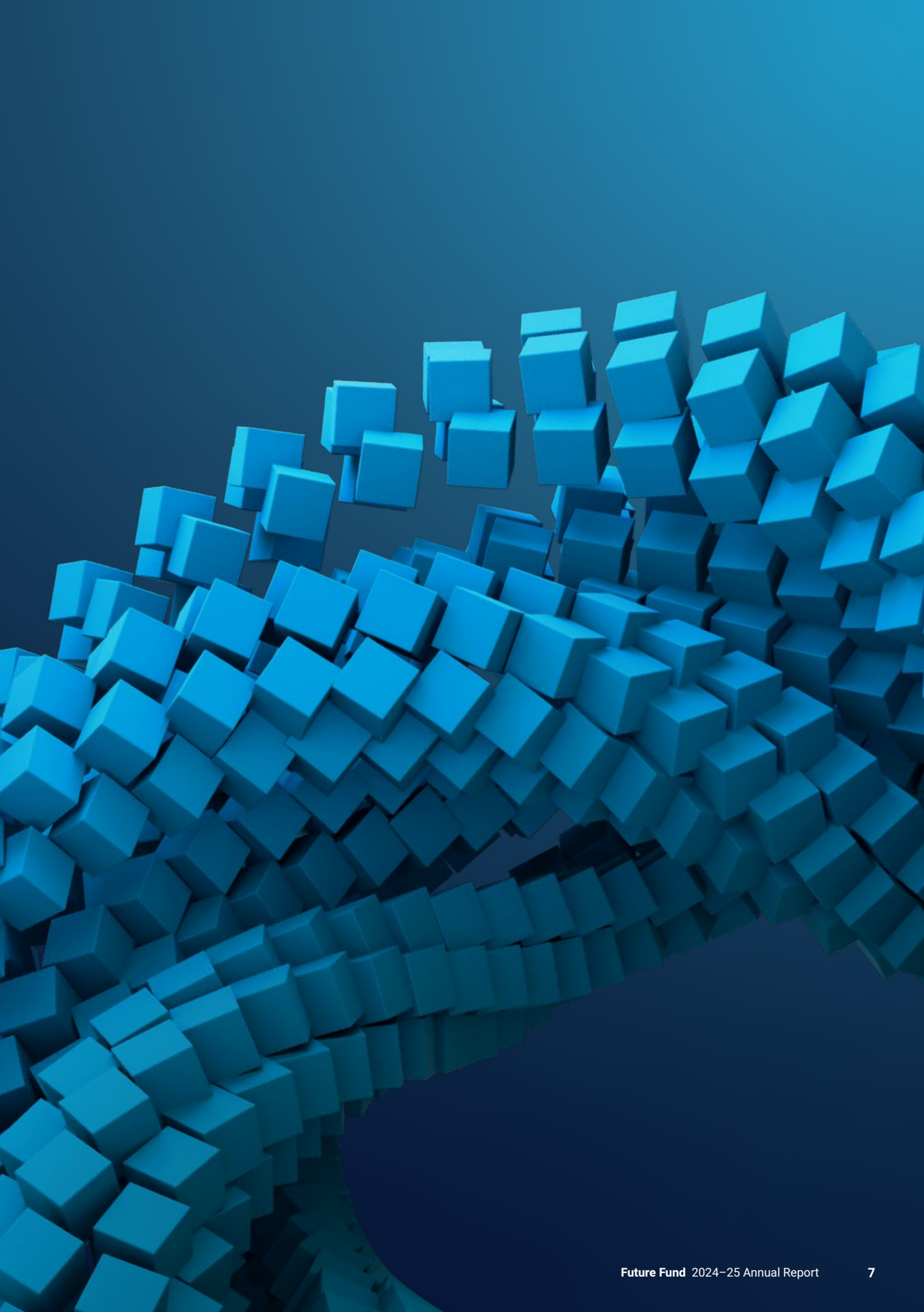
- Fraud and corruption risk assessments and control plans have been prepared by the Agency
- Appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud and corruption that meet the specific needs of the Agency are in place
- All reasonable measures have been taken to deal appropriately with fraud and corruption relating to the Agency.

Yours sincerely



The Hon Greg Combet AO

Chair of the Future Fund Board of Guardians
*Accountable Authority of the Future Fund
Management Agency*



Report from the Chair

The past financial year has been significant for the Future Fund. Strong investment returns were achieved notwithstanding geopolitical complexity and market volatility, and the Government issued a new Investment Mandate and Statement of Expectations for the Fund.



The Hon Greg Combet AO

The Government also announced that it would defer drawdowns from the Future Fund until at least 2032–33, ensuring an enduring role for the Fund for the decades beyond. It will mean that the Future Fund can continue to strengthen the Australian Government's long-term financial position and make sustainable contributions to the Budget.

It is difficult to overstate the significance of the deferral of withdrawals both for the operation of the Fund and for the nation's finances. Without postponing the start of withdrawals, the Future Fund would need to operate to a shorter-term investment strategy and reposition the portfolio to focus on liquidity at the expense of long-term returns.

Over nearly two decades, the Future Fund has built a unique place in the Australian financial system. From an original endowment of \$60.5 billion, it has grown to \$252.3 billion.

It is the Australian Government's largest financial asset, grown from investment returns alone.

Based on current projections, the Future Fund should reach a value of \$380 billion by 2032–33.

This means that the Fund will be well positioned to not only contribute earnings to the Government to cover the superannuation liabilities it was originally set up to fund over ensuing decades, but also continue as a sovereign fund that strengthens Australia's financial position.

Due to the Future Fund's strong long-term performance, various governments have allocated six additional funds to the Board to manage over the years, today collectively totalling \$65.8 billion.

As a result, the Future Fund Board of Guardians now oversees the investment of more than \$318.1 billion for the benefit of future generations of Australians.

While the Future Fund drawdowns will now not occur for at least another seven years, distributions from the six other funds are already taking place and support important policy initiatives.

In short, our investment activity is delivering benefit to Australians today and into the future.

A new Investment Mandate

The new Investment Mandate issued by the Treasurer and the Finance Minister asked the Board of Guardians to have regard to three national priorities when making investment decisions: the energy transition, the supply of residential housing and Australian infrastructure.

We welcome this guidance. There is no change to our statutory responsibility to maximise returns, independently make commercial decisions, seek appropriate risk-adjusted returns for individual investments, or change our approach to portfolio design. It remains entirely a matter for the Board to determine whether we invest in these priority areas and on what terms.

Investments in national priorities will need to substantially generate the same risk-adjusted rate of return and other attributes as similar types of investments which the Board might otherwise consider.

It is important to note that these areas require significant capital and a long-term view, and address pressing domestic economic needs. Importantly, they align with our investment strategy. This is in keeping with the stated purpose of the Fund to invest for the benefit of future generations of Australians.

This year the Board acquired a 9.995% stake in Transgrid, the nation's biggest electricity transmission business and one which will be key to delivering the transmission linkages for large-scale renewables and energy storage.

We also have a 40% holding in Tilt Renewables, one of the largest developers and operators of wind and solar generation and battery storage. The Fund is a half-owner of OneFortyOne, a major operator of sustainable forestry and timber milling, that supplies the housing construction industry.

We have \$15.4 billion of direct holdings in local infrastructure assets such as Perth, Melbourne, Launceston and Sydney airports. Through the Fund's shareholding in CDC, we are supporting the operation of 14 highly secure data centres in Melbourne, Canberra, Sydney and Auckland and an ambitious investment program needed to meet the growth of AI applications. AI will be a vital contributor to productivity growth in business and government service delivery.

These national priority areas enhance our strategy, require substantial capital, support Australia's economic growth, and we expect they will reward the long-term capital that we are able to provide.

Responsible investment

This year we began to evolve the responsible investment capability of the Future Fund and elevated our focus on climate risks and opportunities.

While the organisation has long considered environmental, social and governance (ESG) risks, this year marked a significant milestone in the evolution of our investment approach, demonstrating our commitment to responsible investment.

The Board has adopted a new Responsible Investment Belief, anchored in the premise that integrating ESG and climate change considerations into our decision-making processes is essential for enhancing risk-adjusted long-term financial returns in an increasingly complex world. It also works to safeguard trust and reputation in the eyes of our stakeholders.

To bring this work to life for the portfolio, we are executing a plan over the next couple of years to ensure that our investment belief is embedded into our investment approach. I look forward to reporting on our progress in the year ahead.

Board appointments

This year we welcomed the appointment of Jim Craig as a Member of the Future Fund Board of Guardians for a five-year term. Jim is a highly accomplished Director with exceptional investment and commercial expertise.

I also extend my thanks to outgoing Board Member Michael Wachtel for his significant contributions to the Future Fund over the past nine years. Michael also made an invaluable contribution as Chair of the Audit and Risk Committee.

Acknowledgements

The past financial year represents my first 12 months as Chair of the Future Fund. I thank my colleagues on the Board of Guardians for their support and their contributions during extraordinary times of global change.

I particularly thank the Investment Team for the achievement of strong returns in a complex global market environment.

And I thank Raphael Arndt and the Senior Leadership Team for their leadership and dedication, and the staff of the Agency who consistently impress with their expertise and commitment to our purpose.



The Hon Greg Combet AO

Chair
Future Fund Board of Guardians

Report from the Chief Executive Officer

We live, work and invest in a complex environment with past certainties that are no longer reliable.



Dr Raphael Arndt

This year, economic challenges, ongoing and rapid technological change, and geopolitical and trade tensions have shaped financial markets and investor sentiment worldwide.

Uncertainty was a major factor for investors throughout the year. Nonetheless, we remain optimistic about long-term opportunities. We continue to evolve our organisation and invest to increase our portfolio's resilience.

The Australian Government's decision to defer the Future Fund's drawdowns and issue a revised Investment Mandate provides us with an opportunity to commit even more deeply to our long-term approach to investing.

That approach involves: observing and thinking deeply about the world, financial markets and changing systems and dynamics; drawing on an extraordinary worldwide network of peers and collaborators; working collaboratively to develop our perspectives and insights; and turning all this into decisions to protect and grow the funds, develop our organisation and meet our mandates.

Our portfolio

This year we made over \$90 billion of changes across the portfolio in every asset class. The Board increased the level of structural equity risk we hold in the portfolio to improve real returns and to better balance the likelihood of achieving the Future Fund's challenging Investment Mandate albeit with the risk of shorter-term volatility.

We continued focusing on investments that rely on active management rather than taking on passive market risk and sought to obtain portfolio diversification through currency, commodities and hedge fund strategies, consistent with our concern that historical correlations may no longer hold.

We also increased our exposure to foreign exchange, moving to a more diversified set of exposures and we increased our focus on fund liquidity.

All of this highlights our ongoing focus on portfolio resilience as the world becomes ever more uncertain.

Almost all of these changes paid off this year, leading to a strong annual result of 12.2%, adding \$27.4 billion to the Fund for the year.

The 10-year return was 8.0% per annum, and over \$190 billion in value has been added to the Fund since its inception in 2006.

The other six funds under management also performed well and now stand at \$65.8 billion collectively.

Our year

We are intentional about cultivating a collaborative, high-performing culture that supports our joined-up, whole-of-portfolio approach to investing and this year we focused on the ways we work and the systems and processes we use.

A new Investment Team structure was introduced this year, which involved a number of internal promotions for our people. The Investment Team also launched the Good Decisions Program which reviewed our decision-making processes and has strengthened the Agency's ability to make timely and better-informed decisions.

We improved our technology and AI capabilities, training our people in external AI tools and introducing our own digital collaboration tool which synthesises large amounts of information to deliver actionable insights within a secure and protected environment.

The Board introduced two new organisational beliefs and added a new investment belief. We rolled out a new Responsible Investment Policy and corresponding roadmap and began to build out that team.

More broadly, we continued to engage with the industry, sharing our insights at over 60 events locally and abroad. In line with our existing strategy and the new Statement of Expectations, we also met with over 30 government stakeholders both locally and abroad to share our perspectives on the investment landscape.

The position paper we published in June 2024 on geopolitics has generated much debate and discussion in the investment community which has helped to inform the further development of our own thinking and contributed to the wider community debate.

Our people

This year we welcomed 81 new staff members and promoted or advanced 28 of our people internally – my congratulations to each of them.

There was also change at the senior level with Simone Hartley-Keane joining our organisation as Chief People, Culture and Inclusion Officer in May.

Shortly after year end, Cameron Price retired as General Counsel after 11 years in that position. We have all benefited from his wise counsel, strategic insight and intimate knowledge of our regulatory, legal and investment environment. He was replaced by Gillian Denison who was promoted from her role as Head of Legal to join the Senior Leadership Team.

Nancy Collins was also appointed as Chief Financial Officer and Chief Risk Officer in July. I look forward to working with Simone, Gillian and Nancy more in the coming year.

The changes to our Senior Leadership Team ensure that we are well positioned to execute our strategy, achieve our mandates and deliver on our all-important purpose: to invest for the benefit of future generations of Australians.

Acknowledgements

I would like to thank the Future Fund Board of Guardians for their contribution this year.

Our Chair, the Hon Greg Combet AO, has brought a depth of expertise and thoughtful leadership that benefits our organisation, culture and long-term plans.

Our Board's skill and capabilities mean we are well positioned to perform against our purpose and deliver strong returns in uncertain conditions. The Board supported our continued growth and approved our 2025–27 strategy which comprises four areas that build on the foundations of our achievements over the past three years.

Key to our strong results and organisational success is our Senior Leadership Team, whose expertise adds immense value to our organisation.

I would also like to thank all of our staff for another year marked by their dedication, intelligence and agility.

I am proud to lead this organisation. The uncompromising high-quality of our work continues to support us in generating funds that create positive and lasting impacts for all Australians.



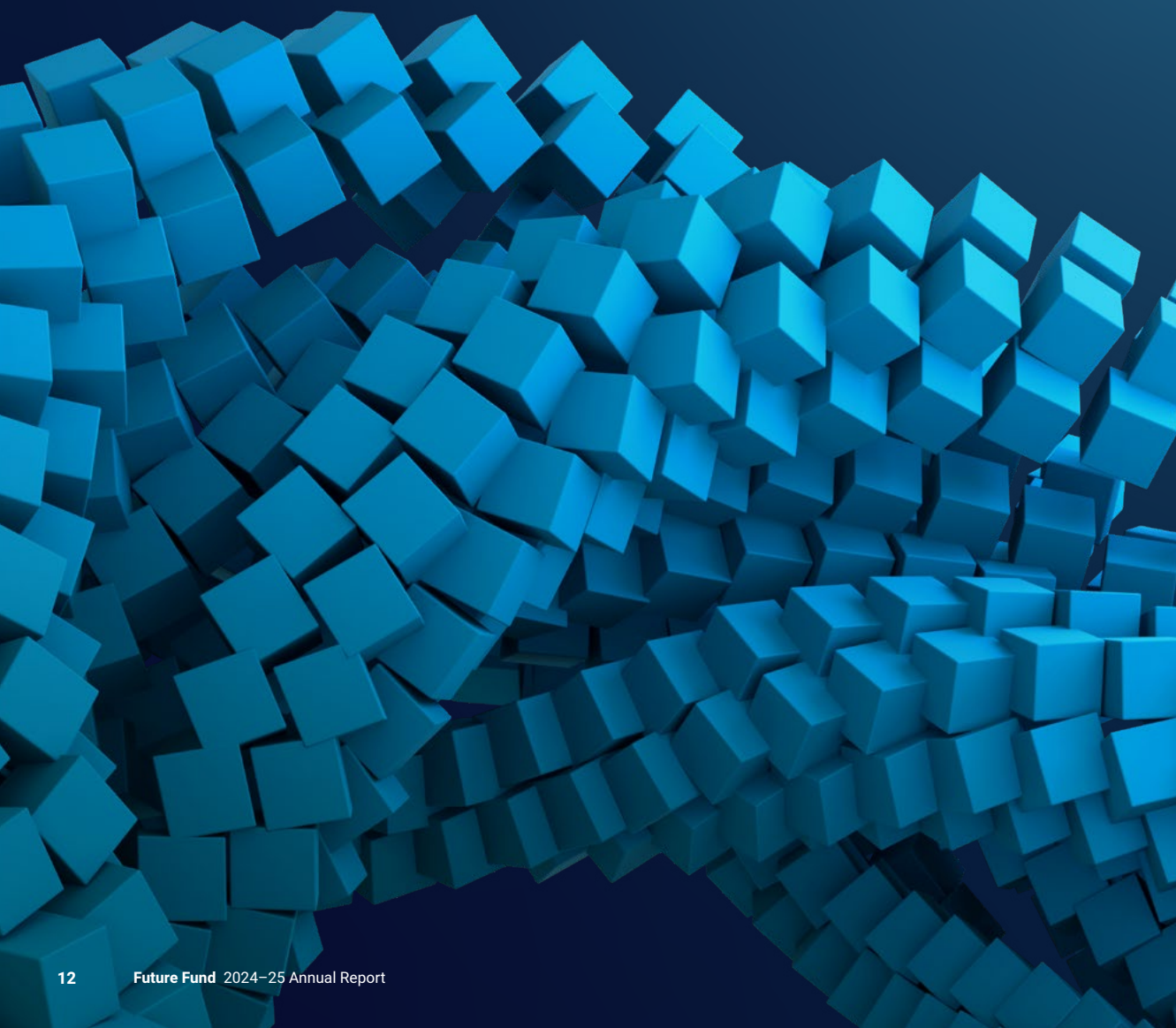
Dr Raphael Arndt

Chief Executive Officer
Future Fund Management Agency

01

Organisation overview

The Future Fund is Australia's sovereign wealth fund. We invest for the benefit of future generations of Australians.



Every dollar that we make is a dollar that adds to Australia's wealth and contributes to its future.

Established in 2006, the Future Fund is the Commonwealth Government's largest financial asset, helping to strengthen the Federal Government's balance sheet and bolster Australia's long-term financial position.

We are responsible for investing the assets of seven special purpose public asset funds: the Future Fund, the Medical Research Future Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund, the Disaster Ready Fund, the Housing Australia Future Fund, and the DisabilityCare Australia Fund.

The Future Fund Board of Guardians is responsible for investing the assets of the funds, supported by the Future Fund Management Agency.

We invest independently from the Australian Government and balance the risk and return aspects of each fund's investment mandate to maximise returns over the long term.

Our structure

Our organisation consists of two main entities – the Future Fund Board of Guardians (Board) and the Future Fund Management Agency (Agency).

The Agency's Senior Leadership Team (SLT) and staff support the Board.

The Board

The Board is comprised of individuals selected for their expertise in investing in financial assets, managing investments and corporate governance.

The Board's Members are appointed by the Government and are called 'Guardians', as part of their function is to safeguard the independence of the Future Fund.

The Board is responsible for deciding how to invest the assets of each fund, in line with the legislation and the investment mandates issued by the Government. It receives recommendations and advice from the Agency and reviews, approves and oversees the investment strategy.

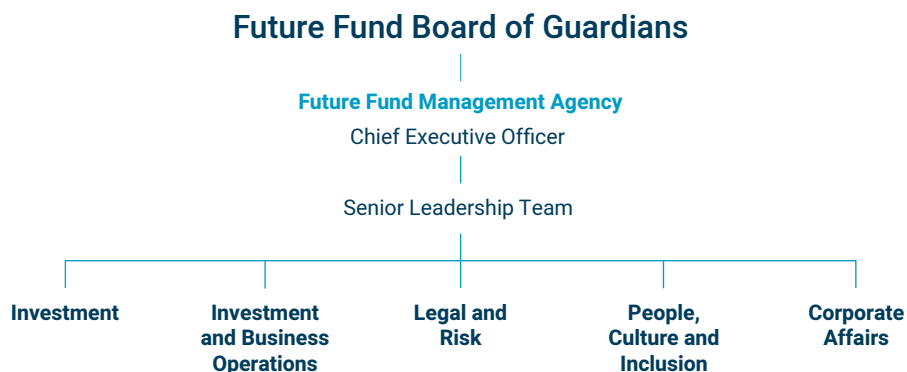
The Agency

The Agency is comprised of investment professionals who are responsible for making recommendations to the Board on the most appropriate investment strategy for each fund, and for the implementation of these strategies.

They are supported by a team of business professionals with diverse skills including finance, data and technology, investment operations, legal, and corporate services.

The Agency manages all administrative and operational functions associated with the management of the funds.

During the year, the Agency was structured into five business units under the leadership of the Chief Executive Officer (CEO): Investment, Investment and Business Operations, Legal and Risk, People, Culture and Inclusion, and Corporate Affairs. Certain changes to the Agency's structure were made after year end and these are described on our website and will be reported in our next annual report.



For further information on our structure please refer to the Governance and accountability section of this report.

Our funds

Each fund we manage has an investment mandate that is determined by the Australian Government under legislation.

Our responsibility is to invest the funds in accordance with their investment mandates.



Future Fund



Medical Research
Future Fund



Aboriginal and Torres Strait
Islander Land and Sea Future Fund



Future Drought Fund



Disaster Ready Fund



Housing Australia
Future Fund



DisabilityCare
Australia Fund

Future Fund

The Future Fund was established in 2006 to strengthen the long-term financial position of the Commonwealth of Australia, with contributions of \$60.5 billion from a combination of budget surpluses, proceeds from the sale of the Government's holding of Telstra, and the transfer of remaining Telstra shares.

The Investment Mandate for the Future Fund is to achieve an average annual return of at least the Consumer Price Index (CPI) + 4.0% to 5.0% per annum over the long term, with an acceptable but not excessive level of risk.

The organisation has added over \$190 billion to the value of the Future Fund since inception, more than tripling the original contribution from the Government, and reaching \$252.3 billion in value at 30 June 2025.

This was achieved without further contributions from the Government.

Withdrawals from the Future Fund, when they are made, will help the Government meet its obligations through consolidated revenue (including defined benefit pensions), and thereby ease the pressure on government finances.

Medical Research Future Fund

The Medical Research Future Fund (MRFF) is an ongoing funding source 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.

It was established with the transfer of \$1.0 billion from the Health and Hospitals Fund in 2015, which was then closed, and a further \$19.0 billion in capital contributions from the Government between 2015 and 2020.

The Fund's Investment Mandate is to achieve at least the Reserve Bank of Australia cash rate target of + 1.5% to 2.0% per annum, net of investment fees, over a rolling 10-year term.

Payments from the Medical Research Future Fund for projects and initiatives are determined by the Government in accordance with the *Medical Research Future Fund Act 2015*.

At 30 June 2025, the MRFF was valued at \$24.5 billion.

Aboriginal and Torres Strait Islander Land and Sea Future Fund

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

The ILSC's purpose is to assist Aboriginal and Torres Strait Islander peoples to acquire and manage land, water and water-related rights to attain economic, environmental, social or cultural benefits.

The ATSILS Fund was established with a capital contribution of \$2.0 billion, transferred from the Aboriginal and Torres Strait Islander Land Account.

The Fund's Investment Mandate requires the Board to target an average return, net of costs, of at least the CPI + 2.0% to 3.0% per annum over the long term, while taking an acceptable but not excessive level of risk.

Payments from the ATSILS Fund are determined by the Australian Government and managed in line with the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*.

At 30 June 2025, the ATSILS Fund was valued at \$2.4 billion.

Future Drought Fund

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

The FDF was established with a capital contribution of \$4.0 billion, transferred from the Building Australia Fund, which was closed on 1 September 2019.

The Fund's Investment Mandate requires the Board to target an average return, net of costs, of at least the CPI + 2.0% to 3.0% per annum over the long term, while taking an acceptable but not excessive level of risk.

The Commonwealth Government will make \$100 million available each year from the Fund to support Australian farmers and communities to prepare for and become more resilient to the effects of future drought.

This assists in making agriculture more productive and profitable, enhances the wellbeing of Australia's farming communities, and improves the sustainability of the natural resources on which agriculture depends.

Payments from the FDF are determined by the Government and managed in line with the *Future Drought Fund Act 2019*.

At 30 June 2025, the FDF was valued at \$5.3 billion.

Disaster Ready Fund

The Disaster Ready Fund (DRF) was initially established as the Emergency Response Fund (ERF) upon commencement of the *Emergency Response Fund Act 2019* (ERF Act) on 12 December 2019.

On 1 March 2023, the ERF was renamed the DRF upon commencement of the *Emergency Response Fund Amendment (Disaster Ready Fund) Act 2022* (DRF Amendment Act).

The DRF Amendment Act renamed the ERF Act the *Disaster Ready Fund Act 2019* and allows up to \$200 million per annum to be drawn from the DRF to fund natural disaster resilience and risk reduction from 2023–24 onwards.

The Fund's Investment Mandate requires the Board to target an average return, net of costs, of at least the CPI + 2.0% to 3.0% per annum over the long term, while taking an acceptable but not excessive level of risk.

At 30 June 2025, the DRF was valued at \$4.9 billion.

Housing Australia Future Fund

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

The HAFF was established with a capital contribution of \$10 billion.

The Fund's Investment Mandate requires the Board to target an average return, net of costs, of at least the CPI + 2.0% to 3.0% per annum over the long term while taking an acceptable but not excessive level of risk.

Funding generated by the HAFF supports the building of affordable social homes with a focus on women and children fleeing domestic violence, older women on low incomes at risk of homelessness, and frontline workers.

It also supports the repair, maintenance and improvement of housing in remote Indigenous communities; transitional housing options for victims of domestic violence; and housing for veterans experiencing or at risk of homelessness.

Payments from the HAFF are managed in line with the *Housing Australia Future Fund Act 2023*.

At 30 June 2025, the HAFF was valued at \$10.9 billion.

DisabilityCare Australia Fund

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

In 2024–25 the Fund reimbursed states and territories for expenditure incurred in relation to the NDIS.

The Fund's Investment Mandate sets a benchmark return of the Australian three-month bank bill swap rate + 0.3% per annum, calculated on a rolling 12-month basis. The Board must invest to minimise the probability of capital loss over a 12-month horizon.

Payments from the DisabilityCare Australia Fund are determined by the Australian Government and managed in accordance with the *DisabilityCare Australia Fund Act 2013*.

At 30 June 2025, the DisabilityCare Australia Fund was valued at \$17.7 billion.

Revised Future Fund Investment Mandate

In November 2024, the Australian Government announced it would defer drawdowns from the Future Fund until at least 2032–33 and released an updated Future Fund Investment Mandate and Statement of Expectations.

The deferral of withdrawals ensures that the Future Fund can continue to strengthen the Government's long-term financial position and make sustainable contributions to the Budget. This was a welcome decision as it provides our organisation certainty to continue to build the portfolio and structure the Agency for a longer-term future.

By 2032–33, the Future Fund is expected to grow to \$380 billion. That should enable not only all of the superannuation liabilities to be met over ensuing decades but also generate earnings that form the basis of an enduring sovereign wealth fund.

The revised Investment Mandate now incorporates reference to certain national priorities that the Board should have regard to when making investment decisions.

These national priorities are:

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

The Board assesses each investment opportunity on the basis of its risk and return characteristics and ability to maximise portfolio returns with acceptable risk. If there are no investment opportunities in the national priority areas with appropriate risk-adjusted returns that complement the Fund's portfolio, the Board will not invest.

The updated Statement of Expectations provides guidance on operationalising the Investment Mandate and will ensure the Fund has best practice approaches when it comes to governance, transparency and accountability.

In responding to the Government's expectations, the Board confirmed that its paramount objective, consistent with the Investment Mandate and the *Future Fund Act 2006*, remains the return of at least CPI + 4.0% to 5.0% per annum over the long term with acceptable risk.

The Board of Guardians remains independent of Government and retains its long-standing duty to maximise returns and all investment decisions will continue to be commercially based upon appropriate risk-adjusted returns.

Our purpose

Our purpose is clear: to invest for the benefit of future generations of Australians.

Everything we do is aligned with our purpose. It provides a focus for our people, their efforts, and our strategic and operational resourcing and priorities.

Our values

Our values are embedded in the way we behave and interact with others:

- We **focus on what matters**; everything we do is focused on achieving our purpose and we don't get side-tracked by distractions.
- We always **do the right thing** by our country, our organisation and our team.
- We **work together** to achieve the best outcome, every time, and ultimately achieve our purpose.

Organisational beliefs

In February 2025, the Board adopted two new organisational beliefs that outline its expectations as to how the Agency should be run.

- The organisation should continuously evolve and adapt to support the investment mission and achieve investment performance in line with the legislation and mandates.
- To effectively deliver a joined-up, whole-of-portfolio approach, the organisation must be culture-driven and the culture must be inclusive in order to support collaboration and our values: focus on what matters; do the right thing; and work together.

Our culture

Part of what makes us successful at the Future Fund is our unique culture.

We believe that in order to continue our success, we need to further enhance our culture as we continue to grow and evolve, while remaining mindful of keeping our core ideology institutionalised and widely enacted.

We have a set of expectations and language that encapsulates our culture and ways of working. It is called the Future Fund Way.

The Future Fund Way is underpinned by two foundational principles:

1. One team, One purpose
2. Investment performance is our focus

There are also five keys to our culture that collectively define and describe how we unlock our full potential:

1. Collaborate
2. Facilitate
3. Innovate
4. Deliberate
5. Inclusion

These keys are well known by our people and enacted through how we work and interact with each other.

Our business strategy

The investment environment we operate in has become increasingly complex and uncertain, presenting significant challenges for investors.

The convergence of war, deglobalisation, inflation and rising interest rates has created unprecedented conditions. These structural forces are disrupting many of the assumptions that have guided investment strategies over the past 30 years, making portfolio construction significantly more intricate.

This is why we believe the fundamentals of investing are undergoing a potentially permanent shift.

We are firmly of the view that the way investors have approached investing in the past needed to evolve. At the Future Fund, we have consistently adopted a total portfolio approach with a strong focus on genuine diversification.

Recently, we started to leverage newer strategies across the portfolio to enhance its resilience against these converging structural forces. We will need to continuously monitor the external environment and work diligently in the coming years to fulfill our mandates.

The 2024–25 year was the first year of the new three-year business strategy that builds on the solid foundations achieved in our previous strategy, while navigating an ever-changing and complex environment.

The global thematic trends continue to play out and are creating a highly uncertain and volatile environment. We are continuously adjusting to these changes.

Four focus areas

The business strategy encompasses activity that is grouped into four focus areas:

1. **Invest our way**
2. **Innovate and evolve**
3. **Supercharge our culture**
4. **Contribute our insights**



1

Invest our way

Get even better at being a joined-up, whole-of-portfolio investor.



2

Innovate and evolve

Build on the organisational foundations we have created to scale our business efficiently in a way that supports investment performance.



3

Supercharge our culture

Obtain the benefits of our collaborative Future-minded culture to create great work in a great place to work.



4

Contribute our insights

Offer our ideas more broadly to develop a strong network of support and to test our ideas.

The new three-year strategy was implemented in 2024–25 and we completed 29 key business initiatives for the year.

Some of the major activities under each of these focus areas for the year are:

Focus area	Activity
Invest our way	– Developed the organisation's responsible investment activities, including finalising and publishing the Responsible Investment Policy (formerly the ESG policy), growing the Responsible Investment Team and embedding a new Responsible Investment Belief – Embedded three national priorities into our investment decision-making processes and expanded reporting capabilities around them – Established an Energy Transition Team – Enhanced our investment decision-making processes by implementing the Good Decisions Program – Implemented the new Investment Thought Leadership Program
Innovate and evolve	– Evolved our risk practices and information security capabilities to ensure continued sound risk management by introducing new portfolio risk and enterprise risk management models – Enhanced the Agency's insider threat management capability – Uplifted the investment technology and data delivery model to strengthen communication, alignment and delivery focus – Delivered new artificial intelligence (AI) and emerging technology capabilities under the Knowledge Management Program – Developed a Corporate Sustainability Framework
Supercharge our culture	– Appointed a new Chief Financial Officer, Chief Risk Officer and Chief People, Culture and Inclusion Officer – Completed an in-depth remuneration strategy review – Developed and embedded high-quality inclusion practices and habits across the Agency – Delivered the Agency's Indigenous Strategy and progressed requirements for a Reconciliation Action Plan – Launched cultural awareness training across the organisation
Contribute our insights	– Increased the depth and span of our government relationships – Contributed our insights to the industry through external speaking engagements – Designed and implemented a tailored Thought Leadership Program

Purpose

Investing for the benefit of future generations of Australians

Values



Focus on what matters



Do the right thing



Work together

The Future Fund Way

Investment performance is our focus

One team, One purpose



Collaborate



Facilitate



Innovate



Deliberate

Inclusion

Our Focus Areas



1 | Invest our way



2 | Innovate and evolve



3 | Supercharge our culture



4 | Contribute our insights

Governance and accountability

The statutory governance arrangements for the funds we manage are set out primarily in the *Future Fund Act 2006*, the *Medical Research Future Fund Act 2015*, the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the *Future Drought Fund Act 2019*, the *Disaster Ready Fund Act 2019*, the *Housing Australia Future Fund Act 2023* and the *DisabilityCare Australia Fund Act 2013*.

This core legislation sets out the roles and responsibilities of the Australian Government, the Board and the Agency. In addition, the *Public Governance, Performance and Accountability Act 2013* applies to the Agency and (to a limited extent) the Board and together with Commonwealth Rules, instruments and guidelines establishes arrangements for delegations and authorities, spending, and the accounting treatment of costs, liabilities, income and expenses.

The core legislation provides the Government, through the responsible Ministers (the Treasurer and the Minister for Finance), with oversight of the funds, subject to the arrangements that establish the independence of the Board.

The Government's role includes the appointment of Board Members and the Board Chair, and the issuing of Investment Mandate Directions to the Board for each of the funds.

The legal framework retains beneficial ownership of the assets of each fund in the Commonwealth. It also states the purpose of each fund and sets out the arrangements for contributions to, and withdrawals from, the various funds.

The Board is responsible for investing the assets of the funds in accordance with the legislation and investment mandates. To assist it in this role, the Board receives recommendations and advice from the Agency, which is also responsible for implementing the Board's investment decisions.

Underpinned by legislation, the Board invests independently from the Government. This independence is emphasised in a number of ways, including:

- The expenses of the Agency and the funds are met from the assets of the funds themselves, rather than from annual appropriations through Parliament.
- The Board must be consulted on draft Investment Mandate Directions (new or amended) for a fund, which must be consistent with the requirements of the relevant fund legislation. Any submissions the Board makes on a draft investment mandate must be tabled in Parliament.
- The investment mandates for each of the funds outline the risk and return requirements and timeframe for investment activity, while the legislation imposes very few limitations on the Board around asset allocation, selection of markets and portfolio design.

- Board Members must be drawn from outside of the Government and must meet the requirements of having substantial expertise and professional credibility in investing or managing financial assets, and/or in corporate governance.

The Board is not involved in advising the Government on macroeconomic management or policy formation and implementation and is focused solely on the pursuit of its investment objectives in a commercial manner.

The Future Fund is a founding member of the International Forum of Sovereign Wealth Funds (IFSWF) and fully implements the Santiago Principles. The Santiago Principles promote transparency, good governance, accountability and prudent investment practices, while encouraging a more open dialogue and deeper understanding of sovereign wealth fund activities.

Accountability

The legislation provides accountability arrangements for the organisation, including the tabling in Parliament of an annual report and audited financial statements.

We publish quarterly portfolio updates to provide details of the asset allocation and performance of our funds. Twice a year we publish detailed reports on the Board's investment holdings on our website.

Other public updates are provided in the form of published speeches and comments to the media, position papers, an annual Corporate Plan and a Year in Review. We are required to keep the responsible Ministers informed of the operations of the organisation and provide data to the Department of Finance for the purpose of producing its financial statements and other reports.

The Minister for Finance may also, by written notice, require us to prepare reports or provide information on specified matters relating to the performance of our functions.

Statements of Expectations and Statements of Intent have also been exchanged between the responsible Ministers and our organisation. These documents further delineate the responsibilities and communication arrangements between the parties.

A new Statement of Expectations was issued in November 2024 that aimed to provide guidance on operationalising the Investment Mandate and to ensure the Fund has best practice approaches when it comes to governance, transparency and accountability.

In response, the Board issued a Statement of Intent that provided a framework for how the organisation will meet the Government's expectations as set out in the Statement of Expectations. These can both be found on our website.

We routinely appear before public estimates hearings of the Senate Committee on Finance and Public Administration to provide updates on our operations and the performance of the funds.

In 2024–25, we appeared at hearings in November 2024 and February 2025. These public hearings are based upon the outcome and output structure detailed in the Portfolio Budget Statements.

Future Fund Board of Guardians

At 30 June 2025, the Future Fund Board was comprised of a Chair and six Guardians.

Guardians and the Chair are appointed by the Treasurer and the Minister for Finance and are selected for their expertise in investing in financial assets, managing investments, and/or corporate governance.

Guardians are appointed on a part-time basis for a term of up to five years and are eligible to be reappointed.

During 2024–25, one of the Guardians' terms concluded (Mr Michael Wachtel), and one new Guardian was appointed (Mr James (Jim) Craig).

The Chair of the Board and the Accountable Authority for the Agency in 2024–25 was The Hon Greg Combet AO.

The Hon Greg Combet AO (Chair)



Mr Combet was appointed from 1 June 2024 for a five-year term.

Mr Combet has extensive expertise across the Australian economy, Parliament and government, superannuation, investment, defence industry, climate and emissions reduction policy, and industrial relations.

Mr Combet has chaired IFM Investors, a global funds management business, served as deputy chair of AustralianSuper, a director of ME Bank, and was formerly a Cabinet Minister in a range of Australian Government portfolios including Climate Change, Industry and Innovation, and Defence Personnel, Science and Materiel.

Prior to joining the Future Fund Mr Combet served as Chair of the Australian Net Zero Economy Agency, planning the economic transformation from fossil fuels to renewable energy and net zero emissions. In 2020, Mr Combet also served as a member of the National COVID-19 Coordination Commission assisting the national response to the pandemic.

Prior to entering Parliament Mr Combet was the leader of the Australian Council of Trade Unions. His qualifications include a Bachelor of Engineering (Mining), Bachelor of Economics, Diploma in Labour Relations and the Law, and he has been awarded honorary doctorates from the University of New South Wales, University of South Australia, and the University of Newcastle.

In 2024, Mr Combet was made an Officer of the Order of Australia.

Mr James Craig

**Mr Craig was appointed from
3 April 2025 for a five-year term.**

Mr Craig is a highly accomplished business leader with a wealth of investment and commercial experience in a range of financial services and other sectors. He spent more than 20 years at Macquarie Bank, including leading Macquarie Bank in Europe.

Mr Craig is currently an Executive Director at River Capital and was Chair of the Investment Committee at AustralianSuper. He has also held directorships with Australian United Investment Company, Cell Care Australia, Lifestyle Communities, and Trinity College at the University of Melbourne.

Mr Craig holds a Bachelor of Economics and Bachelor of Laws from the University of Adelaide, and a Master of Laws from The University of Melbourne.

Mrs Patricia Cross AM

**Mrs Cross was appointed from
11 May 2021 for a five-year term.**

Mrs Cross has extensive international experience across a wide range of financial services and other industries. She has lived and worked in seven different countries holding a number of senior leadership positions with Chase, BNP and National Australia Bank (NAB) where she also served on the NAB's Executive Committee.

She began her career in the US public service and is an honours graduate of Georgetown University's School of Foreign Service. She has expertise in capital markets, risk management, corporate governance, treasury and international affairs.

Mrs Cross was Chair of the Commonwealth Superannuation Corporation until 30 June 2021, and is currently Chair of OFX Group Ltd, a Non-Executive Director of Transurban Ltd, a Director of The Australian Golf Foundation, the Chair of National Golf Holdings and is an Ambassador for the Australian Indigenous Education Foundation. She has served as a Non-Executive Director with Macquarie Group, NAB, Qantas, Wesfarmers and Aviva plc. Mrs Cross has held honorary government positions including as a founding member of the Financial Sector Advisory Council and as a member of the Panel of Experts to the Australian Financial Centre Forum.

Mrs Cross was the founding Chair of the 30% Club in Australia, a founding director of the Grattan Institute, and a long-serving director of the Murdoch Children's Research Institute. She was awarded a Centenary Medal for services to the financial services industry, and a lifetime fellowship of the Australian Institute of Company Directors for the advancement of women in corporate Australia. In 2023, Mrs Cross was awarded with an Order of Australia for services to business and corporate governance.

Dr Deborah Ralston



Dr Ralston was appointed from 15 September 2021 for a five-year term.

Dr Ralston has broad-ranging experience as a Non-Executive Director on private and public sector boards. Current appointments include membership of the Reserve Bank of Australia's Payments System Board and as a Non-Executive Director of the Digital Finance Cooperative Research Centre. She also chairs the Household Capital Advisory Board and is a member of the Conexus Institute.

She was previously a Non-Executive Director of Mortgage Choice, Heritage Building Society, Kaplan Business School and Kaplan Higher Education, SMSF Association, and SuperEd, an innovative digital advice company.

Dr Ralston's expertise in public policy, innovation and retirement issues has been reflected in appointments to the Federal Government's Retirement Income Review Panel, the Comprehensive Income Products for Retirement Framework Advisory Committee, and as inaugural Chair of ASIC's Digital Finance Advisory Board. In an executive capacity she has held senior roles in Australian universities, most recently as Executive Director of the Australian Centre for Financial Studies, and as Pro Vice-Chancellor of Business, Law and Information Sciences at the University of Canberra.

Her academic engagement continues as a Professorial Fellow with the Monash University Business School, where she is a member of the Advisory Board of the Mercer CFA Institute Global Pension Index.

Dr Ralston holds bachelor and master's degrees in economics, and a PhD in finance, and is a Fellow of the AICD and the CPA.

Ms Mary Reemst



Ms Reemst was appointed from 6 October 2023 for a five-year term.

Ms Reemst has over 30 years' experience in the banking and finance industry and a range of experience as a Non-Executive Director on a number of Boards.

She worked for the Macquarie Group for more than two decades, including seven years as Chief Executive Officer of Macquarie Bank from 2014 to 2021. She was also a member of Macquarie Group's Executive Committee and the Macquarie Bank Limited Board. She was Global Head of Credit for Macquarie Group for 11 years from 2003.

Prior to this she had an established investment banking career and was particularly focused on energy and health. Ms Reemst held a range of senior roles with Bankers Trust Australia before she joined Macquarie upon the Group's acquisition of Bankers' Trust in 1999.

She was previously a board member of the Australian Bankers' Association, the Australian Financial Markets Association, Integral Energy, and the Financial Markets Foundation for Children.

Ms Reemst is currently a Board Director of the Asylum Seekers Centre and Atmos Renewables, Deputy Chair of the Sisters of Charity Foundation, and Chair of The Hunger Project Australia. She is also a member of the Clean Energy Finance Corporation (CEFC) Rewiring the Nation Investment Advisory Committee.

Ms Rosemary Vilgan



Ms Vilgan was appointed from 4 February 2024 for a five-year term.

Ms Vilgan has a strong background in investment and a broad range of experience in executive and non-executive roles both domestically and internationally.

She is currently the Chair of the Vincent Fairfax Family Foundation, and a member of the Queensland Treasury Corporation Capital Markets Board.

She has previously been a board member across a diverse range of organisations including New Zealand's sovereign wealth fund, the Australian Council of Superannuation Investors, and the Rotman International Centre for Pension Management, University of Toronto. Ms Vilgan was also previously the CEO of QSuper Group – one of the world's largest pension funds; Chair of the Association of Superannuation Funds of Australia (ASFA), a member of the Financial Sector Advisory Council – an Advisory Board to Australian Federal Treasurer, Chair of the Safety, Rehabilitation and Compensation Commission, and Chair of the Commonwealth Bank Officers Superannuation Corporation.

Ms Vilgan was awarded an honorary doctorate for her services as a Council Member and Deputy Chancellor of Queensland University of Technology, and in 2013 she was named Telstra Australian Businesswoman of the Year. She was also the Queensland and Australian winner of Telstra's Community and Government awards and the Queensland winner of Telstra's award for Innovation.

Ms Nicola Wakefield Evans AM



Ms Wakefield Evans AM was appointed from 1 March 2024 for a five-year term.

Ms Wakefield Evans AM is an experienced Non-Executive Director, senior executive and corporate finance lawyer with over 40 years' experience in the financial services, insurance, energy and infrastructure, health and the legal services industries.

She has extensive international experience having lived and worked in New York and Hong Kong and as a result of her roles with many companies with extensive international operations. She began her career at King & Wood Mallesons (and its predecessor, Mallesons Stephen Jaques) and was a partner for more than 20 years. She held several key management positions at the firm including Managing Partner International in Hong Kong and Managing Partner, Practice in Sydney.

Ms Wakefield Evans is a current Non-Executive Director of Viva Energy Group Limited, Clean Energy Finance Corporation, Sonic Healthcare Ltd, the UNSW Foundation and the Goodes O'Loughlin (GO) Foundation. She is a member of the Takeovers Panel, Chair of MetLife Australia and the 30% Club Australia, and Co-Chair of ASIC's Regulatory Simplification Consulting Group.

Other previous appointments as a Non-Executive Director have included the Boards of Macquarie Group Limited, Macquarie Bank Limited, Toll Holdings, Lendlease Corporation Limited, BUPA Australia, AsiaLink, the Australian Institute of Company Directors and Chief Executive Women.

In 2009, Ms Wakefield Evans was selected as a member of Advance Asia 50 and in 2011 as a member of Advance Global 50. In 2012, she was included in the Australian Financial Review and Westpac Group's inaugural list of 'Australia's 100 Women of Influence.' In 2019, Ms Wakefield Evans was invited by the Australian Government to be a member of the Australian delegation to the United Nations, Commission for the Status of Women in New York.

In 2023, Ms Wakefield Evans was awarded with an Order of Australia for significant service to business, the law and diversity.

Guardians who concluded their terms in 2024–25

Mr Michael Wachtel



Mr Wachtel was appointed from 3 April 2016 for a five-year term. He was reappointed for a four-year term from 3 April 2021 and concluded his term as a Guardian on 2 April 2025.

Mr Wachtel's primary business experience is global in nature and predominantly in the area of large complex international business, including structuring investments, mergers and acquisitions.

Through various leadership roles in the professional services industry, he has extensive experience in organisational leadership, finance, risk management and governance, including as a former Chair (Asia Pacific and Oceania) of Ernst & Young (EY) and a member of the EY Global Governance Council and Global Risk Executive Committee.

As at 30 June 2025, he was a Non-Executive Director of SEEK, Pact Group Holdings Limited and the St Vincent's Medical Research Institute, and a past President of the International Fiscal Association (IFA Australia).

Mr Wachtel holds a Bachelor of Commerce and a Bachelor of Laws from the University of Cape Town and a Master of Laws from The London School of Economics.

Board Committees

There are two Board committees that meet periodically through the year – the Audit and Risk Committee and the People, Remuneration and Culture Committee (previously named the Remuneration and Nominations Committee).

Two other Board committees were dissolved by decision of the Board on 27 May 2025 (effective from 28 May 2025) – the Conflicts Committee and the Transactions Committee.

The Board also approved Ms Mary Reemst as the nominated contact Board Member for escalation by the Board Chair, any other Board Member or the Agency of any future conflict issue concerning the Board Chair (noting that any conflict issues concerning Ms Reemst would be referred to the Board Chair).

Mr Craig, Dr Ralston, Ms Vilgan, and Ms Wakefield Evans AM were appointed members of the People, Remuneration and Culture Committee from 28 May 2025.

Board committee memberships in 2024–25

Board/Committee	Members
Future Fund Board of Guardians Responsible for the investment of the public asset funds in accordance with the relevant legislation and Directions.	The Hon Greg Combet AO (Chair) Mr James Craig ¹ Mrs Patricia Cross AM Dr Deborah Ralston Ms Mary Reemst Ms Rosemary Vilgan Mr Michael Wachtel ² Ms Nicola Wakefield Evans AM
Audit and Risk Committee Focuses on the control framework, external accountability, legislative compliance, internal and external audit, and the appropriate identification and management of non-investment risks. The Audit and Risk Committee Charter is available on our website at: www.futurefund.gov.au/en/About-us/access-to-information/audit-and-risk-committee-charter	Mr James Craig ¹ Mrs Patricia Cross AM Dr Deborah Ralston Ms Mary Reemst (appointed Chair from 3 April 2025) Ms Rosemary Vilgan Mr Michael Wachtel ² (previous Chair up to 2 April 2025) Ms Nicola Wakefield Evans AM
People, Remuneration and Culture Committee⁴ Focuses on remuneration and appointment matters for staff and appointments to boards of investee companies.	The Hon Greg Combet AO (Chair) Mr James Craig ¹ Mrs Patricia Cross AM Dr Deborah Ralston ³ Ms Mary Reemst Ms Rosemary Vilgan ³ Mr Michael Wachtel ² Ms Nicola Wakefield Evans AM ³

Note(s):

1. Mr James Craig was appointed to the Board on 3 April 2025; he was appointed to the Audit and Risk Committee and the People, Remuneration and Culture Committee from 28 May 2025.
2. Mr Michael Wachtel concluded his term on the Board and committees on 2 April 2025.
3. Ms Vilgan, Dr Ralston and Ms Wakefield Evans AM were appointed members of the People, Remuneration and Culture Committee from 28 May 2025.
4. This committee was previously named the Remuneration and Nominations Committee; changed its name from 28 May 2025.

Board and Board committee meeting attendance 2024–25

Member	Future Fund Board of Guardians		Audit and Risk Committee		People, Remuneration and Culture Committee	
	Meetings held and eligible to attend as a member	Attended	Meetings held and eligible to attend as a member	Attended	Meetings held and eligible to attend as a member	Attended
The Hon Greg Combet AO	10	9	0	5	5	5
Mrs Patricia Cross AM	10	10	5	5	5	5
Mr James Craig	2	2	0	0	0	1
Dr Deborah Ralston	10	10	5	5	0	5
Ms Mary Reemst	10	10	5	5	5	5
Ms Rosemary Vilgan	10	10	5	5	0	5
Mr Michael Wachtel	7	7	5	5	4	4
Ms Nicola Wakefield Evans AM	10	10	5	5	0	5

No meetings were held for the Transactions Committee or the Conflicts Committee, noting that both of these committees were dissolved by the Board from 28 May 2025.

Information on Board remuneration can be found under the Remuneration of key management personnel section of this report.

Board Members receive no additional fees for membership of the Audit and Risk Committee or other Board committees.

Board Members can attend meetings of committees of which they are not a member.

Future Fund Management Agency

Employed under the *Public Service Act 1999*, the Agency comprises professionals from a range of sectors including finance, investment, legal and corporate services, who are responsible for making recommendations to the Board on the most appropriate investment strategy for each fund and for the implementation of these strategies, as well as providing administrative and organisational support.

The Chair of the Board is the Accountable Authority for the Agency, although operational management was delegated to the CEO.

Agency organisational structure

At 30 June 2025 the Agency was structured into five business units under the leadership of the CEO.

The five business units are:

1. **Investment**, led by Chief Investment Officer, Ben Samild
2. **Investment and Business Operations**, led by Chief Operating Officer, Gordon McKellar
3. **Legal and Risk**, led by General Counsel and Chief Risk Officer, Cameron Price
4. **People, Culture and Inclusion**, led by Chief People, Culture and Inclusion Officer, Simone Hartley-Keane
5. **Corporate Affairs**, led by Chief Corporate Affairs Officer, Will Hetherton.

Senior Leadership Team

The Senior Leadership Team (SLT) is collectively responsible for leading the Agency. This includes setting strategy, prioritising activities to deliver on the Agency's purpose and acting as custodians and role models of the Agency's culture.

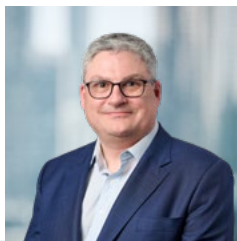
SLT at 30 June 2025

Name	Title
Dr Raphael Arndt	Chief Executive Officer
Ms Simone Hartley-Keane	Chief People, Culture and Inclusion Officer
Mr Will Hetherton	Chief Corporate Affairs Officer
Mr Gordon McKellar	Chief Operating Officer
Ms Genevieve Murray	Managing Director of Responsible Investment and Listed Equities
Mr Hugh Murray	Deputy Chief Investment Officer
Mr Cameron Price ^{1,2}	General Counsel and Chief Risk Officer ³
Mr Ben Samild	Chief Investment Officer

Note(s):

1. Mr Cameron Price retired from the Agency on 1 July 2025.
2. Ms Gillian Denison joined the SLT replacing Cameron Price as General Counsel on 2 July 2025.
3. Ms Nancy Collins joined the SLT as Chief Financial Officer and Chief Risk Officer on 14 July 2025.

Dr Raphael Arndt
Chief Executive Officer



Dr Raphael Arndt commenced as the CEO of the Future Fund on 1 July 2020.

He served as the CIO of the Future Fund from 2014 to 2020 and was previously the Future Fund's Head of Infrastructure and Timberland, where he was responsible for establishing both the Infrastructure and Timberland investment programs.

Dr Arndt is a Board Member of the Melbourne Lord Mayor's Charitable Foundation, Australia's largest community foundation and from 1 July 2024 a Board member of FCLTGlobal.

He was also appointed a member of the Melbourne University Council on 1 October 2023.

He started his career as an engineer with Ove Arup & Partners in Melbourne and London and holds engineering and commerce degrees and a PhD from the University of Melbourne, which focused on risk allocation in public private partnerships.

Mr Will Hetherton
Chief Corporate Affairs Officer



Mr Hetherton joined the Future Fund in 2007. He was appointed as Chief Corporate Affairs Officer in February 2025.

Before joining the Future Fund, Mr Hetherton spent five years in the corporate affairs team at National Australia Bank, including roles in Australia and the United Kingdom. Previously he worked in corporate affairs consulting.

He serves on the boards of the International Forum of Sovereign Wealth Funds (IFSFWF) and the Investor Leadership Network.

Mr Hetherton holds a degree in philosophy, politics and economics from New College, Oxford, and a postgraduate certificate in applied finance from Kaplan Professional.

Ms Simone Hartley-Keane
Chief People, Culture and Inclusion Officer



Ms Hartley-Keane joined the Future Fund in May 2025 as the Chief People, Culture and Inclusion Officer.

Prior to joining the Future Fund, Ms Hartley-Keane held the role of Chief People & Culture Officer at Maurice Blackburn Lawyers. Her broader career spans executive HR roles at Asciano, GE Capital and Country Road Group.

Ms Hartley-Keane holds qualifications from the University of Melbourne and RMIT, including a Master of Business.

Mr Gordon McKellar
Chief Operating Officer



Mr McKellar joined the Future Fund in 2007 to establish the operational capabilities required to enable the investment program.

He was appointed Chief Operating Officer in 2012. In March 2021, his role was expanded to also include Technology, Finance and Organisational Enablement to create the Agency's new Investment and Business Operations group. Mr McKellar has over 30 years of experience in funds management and asset servicing.

He was previously Head of Operations at BNP Paribas in Sydney and prior to this held several operational and client management roles with Deutsche Bank and Bankers Trust in New York, Sydney and the United Kingdom.

Ms Genevieve Murray
Managing Director of
Responsible Investment
and Listed Equities



Ms Murray is the Managing Director of Responsible Investment and Listed Equities, joining the Future Fund in November 2020. She is also the Head of our Sydney Office which houses over 40 staff members.

Prior to joining the Future Fund, Ms Murray was the Head of Australian Equities at AMP Capital. Preceding this, she spent two decades at Macquarie Group within the investment management and wealth management divisions.

Ms Murray has a Bachelor of Commerce from Bond University and is a CFA charter holder.

Mr Ben Samild
Chief Investment
Officer



Mr Samild was appointed CIO of the Future Fund in August 2023, having previously served as Deputy CIO, Portfolio Construction.

As CIO, Mr Samild led the Future Fund's Investment Team in investing over \$300 billion across all asset classes and geographies, with a particular focus on stewarding the Fund's joined-up whole-of-portfolio investment approach. He joined the Future Fund in October 2013, as Director, Alternatives, following a 10-year career in the hedge fund industry, and four years as Head of Investment Strategy at LUCRF Super.

Mr Samild completed a six-year undergraduate degree at the University of Melbourne majoring in behavioural finance, psychology and history, and has a Master of Applied Finance.

Mr Samild resigned as CIO effective 24 September 2025.

Mr Hugh Murray
Deputy Chief
Investment Officer



Mr Murray joined the team at the Future Fund in 2011 and was made Deputy Chief Investment Officer in 2023 with a primary focus on Portfolio Design.

Previously, he was employed as the Head of Asia-Pacific Equity Derivative Trading at Nomura. Prior to that, Mr Murray worked with both Lehman Brothers and Goldman Sachs.

He holds a Bachelor of Engineering and a Master of Business Administration from the University of Melbourne.

Mr Cameron Price
General Counsel and
Chief Risk Officer



Mr Price joined the Future Fund in March 2014 as General Counsel. He took up the additional position of Chief Risk Officer in March 2018. Previously, he was a Partner and Board Member at law firm Allens Linklaters, where he had 25 years of experience in corporate law, with particular expertise in mergers and acquisitions, private equity, equity capital markets and corporate governance. He holds a Bachelor of Economics and a Bachelor of Laws (Hons) from Monash University.

Mr Price retired from the Agency on 1 July 2025.

Staff who concluded their time on the SLT in 2024–25

Ms Kimberley Reid

Chief People, Culture and Inclusion Officer

Ms Reid joined the Future Fund in May 2021. Prior to this role, she was Executive General Manager, Organisation Effectiveness at the Commercial Bank of Qatar and Board Member of Alternatif Bank in Türkiye. Ms Reid spent 10 years at ANZ in various roles based in India and Hong Kong as well as in Melbourne. She started her career as an employment lawyer at Allens Arthur Robinson and worked at the Federal Court of Australia and the Commonwealth Human Rights Commission.

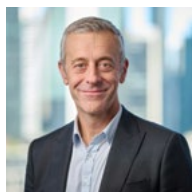
Ms Reid left the organisation on 17 December 2024.

Investment Committee

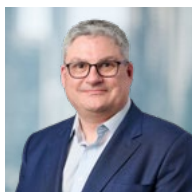
The Agency's Investment Committee, which meets at least twice per month, provides decision-making and review in respect of the Future Fund's total portfolio construction, and brings forward investment recommendations to the Board for review and approval.

The committee also oversees the management of the portfolio within the delegations agreed upon by the Board.

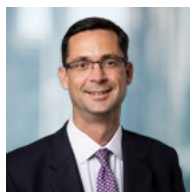
Investment Committee at 30 June 2025



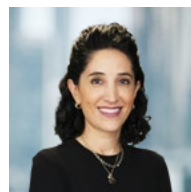
Mr Ben Samild
CIO (Committee Chair)



Dr Raphael Arndt
CEO



Mr David Bluff
Managing Director,
Real Assets



Ms Tammi Fisher
Managing Director,
Real Assets



Ms Carol Lee
Managing Director,
Portfolio Risk



Mr Hugh Murray
Deputy CIO



Ms Genevieve Murray
Managing Director,
Responsible Investment
and Listed Equities

Strategic Commissioning Framework

In 2024–25, the Agency took steps to bring core work inhouse in line with the APS Strategic Commissioning Framework. Our target for 2024–25 was to bring approximately \$7.1 million (GST exclusive) of core work inhouse predominantly covering ICT and Digital Solutions, Intelligence, Portfolio Program and Project Management and Accounting and Finance APS job families.

This target was substantially achieved, with an actual reduction of \$7.0 million (GST exclusive) in relevant supplier expenditure in 2024–25.

Risk management

The Board's Audit and Risk Committee was established to provide assurance and assistance to the Board in respect of the Future Fund's financial reporting, performance reporting, risk oversight and management, and systems of internal control.

The Board has overall responsibility for risk management for the organisation. This includes setting the risk appetite and acceptance of the residual risk rating for each key risk identified in the organisation's Risk Register.

The Board sets the investment risk appetite (via control ranges, limits and other directions) within which the Agency's relevant investment team should operate.

The Agency has a strong focus on the sound management of risk, recognising that good risk management underpins our objectives and forms an integral part of an effective governance framework and organisational culture.

The Agency operates two committees which are directly involved in the oversight of risk management, as documented in their respective charters. They are the:

- Investment Committee
- Operational Risk and Compliance Committee.

The Investment Committee's overarching purpose is to collectively construct and manage our portfolios to achieve our investment mandates.

The Operational Risk and Compliance Committee exists to assist the Board, Audit and Risk Committee, and the Chief Executive Officer in the effective management of the organisation's operational and external risks and compliance obligations.

Risk is considered within our organisation across three broad categories: portfolio risk, enterprise risk and external risk.

1. Portfolio risk

These risks often cannot be eliminated, particularly if they are of a strategic nature, nor are they inherently undesirable if they are compensated by expected returns. We therefore seek to optimise rather than minimise investment risk.

2. Enterprise risk

While some level of operational risk is unavoidable in practice, normally we are not compensated for it (that is, higher operational risk is not usually expected to produce higher expected returns). Accordingly, we seek to take all reasonable measures to minimise risk without imposing excessive costs or constraints on our strategy, decision-making or operations.

3. External risk

These are risks that arise from external events that are outside the organisation's control. Since they can't be minimised, we focus on preparation and managing their possible impacts.

Portfolio risk

The Board considers portfolio risk as the investment risks we knowingly take to get a return. They are viewed with the impact of an investment at a whole-of-portfolio level from a risk management perspective.

Our total portfolio approach and dynamic asset allocation allow us to look at these risks as opportunities with less restrictions compared to a static asset allocation approach.

We view portfolio risk in accordance with the following categories:

1. Macro risk

These include the risk of macroeconomic variables changing outside of general market expectations, impacting the portfolio and its ability to achieve its objectives.

2. Market risk

The risks of being exposed to all investment markets, including equity risk, credit risk, currency risk, interest rate risk and the risk of price movements in supply-constrained resources, such as commodities and land.

3. Active risk

Risk arising from the specific idiosyncratic risk of individual investments, or groups of related investments or strategies.

4. Pathway drawdown risk

The occurrence of poor medium-term return outcomes when considering the 'quality of the journey' over the medium term.

5. Liquidity risk

The potential inability to meet near-term cash flow obligations. Actual or potential future cash flow requirements to finance withdrawals from a fund also need to be managed.

6. Inflexibility risk

Potential loss of control over the composition of the portfolio and insufficient ability to adjust the portfolio to take advantage of opportunities. This loss of control can result from significant market moves coupled with a high allocation to unlisted assets.

7. Investment manager risk

The risk that some external investment managers may deliver performance which is materially lower than expectations.

8. Counterparty risk

The risk that a counterparty fails to deliver on their contractual obligations, resulting in a loss to the Fund.

9. Peer group risk

The risk of being different in some way to peer funds. In practice, the most likely set of comparison funds is the Australian superannuation fund industry. The Board believes it should focus on the objectives for the Fund as set out in the Investment Mandate, and as such does not seek to manage peer group risk directly.

10. Sequencing risk

The risk that an unfavourable sequence of returns interacts with fund disbursements. This risk arises when assets are sold at market lows to fund distributions, crystallising losses.

Enterprise risk management

Enterprise risks are those which are primarily process-related risks covering investment and non-investment processes and related organisational activities.

The organisation, along with many financial institutions, has adopted the 'Three Lines of Defence' model for risk management. This model is built around three elements which we have adapted to suit our organisation.

1. The first line of defence is the business.

The business 'owns' each risk and must ensure that there are controls in place to appropriately manage the risk within the Board's risk appetite. The business is responsible for identifying, analysing, managing, monitoring and reporting risks.

2. The second line of defence is the independent Risk Team, led by the Chief Risk Officer.

This team develops the organisation's risk management framework to promote effective and consistent risk management across the organisation, assists and supports the business in developing its risk management policies, systems and controls, and provides independent review and challenge of the first line of defence. The Risk Team reports periodically to the Board Audit and Risk Committee and Agency committees. The Risk Team considers organisational risk management from a strategic perspective as well as at the individual key risk level.

3. The third line of defence is an outsourced independent internal audit function.

The function provides independent assurance that the risk management framework is appropriate and is operating effectively (including through independent control testing).

External risk management

External risks, or the ones that are outside of our control, usually have a very low probability of occurrence, or at least their form and timing are not predictable, or they are difficult to envisage.

External risks may include natural disasters or terrorism with immediate and major impact, or geopolitical or regulatory change with long-term material impact.

As they are outside our control, they cannot be minimised or optimised. We therefore seek to prepare for such events and manage their impact should they occur.

To the extent these risks impact the portfolio, they are managed by the Portfolio Risk Team. To the extent they impact the organisation, they are operational risks and managed by the Enterprise Risk Team.

Risk culture

Risk culture is a key component of the broader organisational culture. The Agency's risk management functions assist in promoting a positive risk culture by:

- Championing quality-risk conversations at key Agency and Board committees
- Steering the organisation towards appropriate responses to incidents, including any appropriate training or adjustment to controls
- Developing and implementing a framework that facilitates clarity of individual roles, responsibilities and accountabilities.

Internal audit

Deloitte Touche Tohmatsu provides internal audit services, reporting to the Audit and Risk Committee and has full access to staff and information when conducting its reviews.

The Audit and Risk Committee receives internal audit reports and monitors management action in respect of these reports.

During the year, the Committee met separately with the internal auditors in the absence of management.

External audit

The Australian National Audit Office undertakes the external audit of the organisation, engaging a professional accounting firm (EY) to assist in this process.

The Audit and Risk Committee receives external audit reports and monitors management action in respect of these reports.

During the year, the Committee met separately with the external auditors in the absence of management.

Fraud and corruption control

The organisation takes all reasonable measures to prevent, detect and respond to fraud and corruption relating to the organisation.

The Agency is committed to maintaining a strong fraud and corruption control framework which is designed to protect the assets, integrity and reputation of the organisation and the Australian Government.

Fraud and corruption controls are embedded into the Agency's internal control framework, with key controls such as segregation of duties, approval hierarchies, dual signatories and third-party due diligence forming part of the mitigation strategies.

The Agency implements staff training programs aimed at enabling staff to understand what constitutes fraudulent and corrupt activity; what their obligations and duties are in identifying and reporting on possible fraud and corruption; and how to access the Agency's multi-channel internal and external fraud and corruption reporting mechanisms.

The Agency has also implemented mechanisms to enable members of the public, officials, contractors, consultants and third-party service providers to confidentially, and where appropriate anonymously, report suspected fraud and corruption.

Cyber security

The organisation is committed to providing a secure technology environment to safeguard the assets of the Commonwealth. We are vigilant in the management of cyber risk and any threat that could potentially impact our internal systems and processes.

A defence-in-depth cyber security strategy is in place to help identify, manage, monitor and respond to cyber security risk. The strategy is implemented via the delivery of the Information and Cyber Risk Program, which is regularly reported to our internal risk governance committees.

As part of this, we implement the Australian Cyber Security Centre's (ACSC's) Essential Eight mitigation strategies to prevent a cyber intrusion, and we regularly engage with the ACSC.

We apply the Australian Government's Protective Security Policy Framework to achieve our protective security outcomes, which includes the Technology and Information Security domains.

03



How we invest

Our investment approach is based on one team working together for the benefit of the portfolio as a whole. With our world-class external investment managers, our team collectively channels their best ideas, irrespective of asset class, across the total portfolio to achieve the long-term investment objective of each fund.

We invest across public and private markets in the categories shown in the following table.

We develop an investment strategy for each of our seven funds that is consistent with their respective investment objectives and our whole-of-portfolio approach to portfolio construction.

We construct highly diversified portfolios that are as resilient as possible to a range of plausible scenarios, given our long-term secular outlook.

The DisabilityCare Australia Fund has a shorter-term investment horizon than the other six funds. It is invested in a combination of short and medium-term debt instruments.

Investment categories

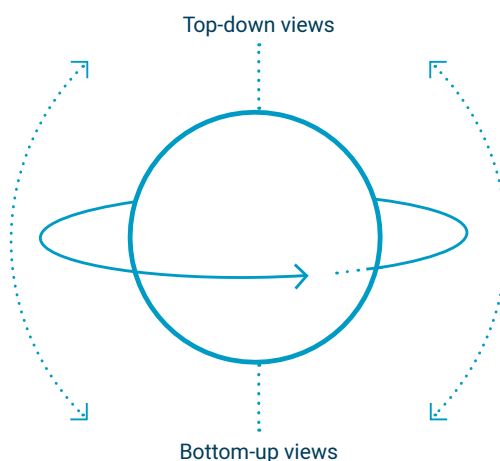
Category	Sectors covered
Alternatives	A variety of 'hedge-fund' type strategies including skill-based absolute return strategies and other risk premia, providing diversity of return streams
Cash	Treasury bills, bank bills and deposits
Credit	Primarily through non-government fixed-interest securities extending to mortgages, high-yield credit and corporate loans
Overlays	Exposures to developed and emerging market currency, domestic and global interest rates, portfolio protection strategies and other return-enhancing and/or risk mitigation strategies
Listed Equities	Australian equities, global developed market equities and global emerging market equities
Private Equities	Venture capital, growth capital and buyout
Tangible Assets	Real estate, infrastructure and timberlands gained through public and private markets

Joined-up investment approach

When constructing the portfolio, we bring together top-down and bottom-up views in portfolio construction. We call this being 'joined-up'.

Our top-down experts look at how the global economy, financial markets, policy and geopolitical developments affect the total portfolio. Their thinking is also influenced by the insights and perspectives from our bottom-up specialists.

Joined-up investing



Our bottom-up specialists look across the world for the best assets and investment opportunities. They consider if these opportunities offer sufficient reward for the risk involved, with regard to the big picture context set out by our top-down experts.

This joined-up, integrated approach means we do not set a fixed strategic asset allocation from the top and then require those allocations to be filled across each of the investment sectors. Rather, our investment professionals come together to share insights and perspectives and take a whole-of-portfolio approach to making investment decisions.

This is the cornerstone of our investment philosophy. We consider it a key comparative advantage that significantly improves the prospect of meeting our long-term investment objectives.

Thinking about the portfolio as a whole and considering every investment opportunity within that context challenges our people to test and question their views, alongside those of our global external partners.

We compare the merits of any one investment opportunity over another – regardless of asset class, sector or industry, investment period or amount.

Dynamic investment process

Prospective risks and returns for different types of investment opportunities are always changing.

We manage the funds dynamically to extract the best possible return, adjusted for the level of risk we are taking.

We look to increase risk levels when the expected reward for taking risk is high, and to reduce risk levels when the expected reward for taking risk is low.

The key elements of our investment process are:

1. Establishing foundations

Our core investment beliefs inform our interpretation of each fund's investment mandate and objectives and help us determine our appetite for the types and levels of risk we are prepared to take for each of them.

Given a competitive and challenging investment landscape, we also identify our comparative advantages which further inform our approach to investing.

2. Analysis of the investment environment

We develop a deep understanding of the investment environment we are operating in at any time, with a focus on understanding long-term economic, social, demographic, geopolitical, technological, and financial themes and trends which are likely to impact the portfolio.

We regularly analyse a range of plausible future scenarios over multiple time horizons to better understand how the portfolio might behave as conditions change and identify ways to improve the resilience of the portfolio to ensure it is robust to a range of conditions and scenarios.

We also consider a wide range of disruption trends that could materially impact our investment portfolio. These trends are not typically limited to a specific industry or asset class and pose both opportunities and risks for investors.

In addition to technological innovation, disruption to the adoption of goods and services can also be driven by changing demographics, consumer expectations and trends, and regulation and public policy.

3. Risk management

Our investment policy framework enables us to manage the risk of our funds at what we consider to be acceptable but not excessive levels.

Given our assessment of the environment, and consistent with our investment policy framework, we choose appropriate risk settings for each fund in alignment with their respective investment mandates.

Risk is considered across multiple dimensions, including market risk and short-term liquidity risk, and how readily we can adjust the portfolio as needed. We refer to the ability to adjust as the portfolio's flexibility.

As we invest in all segments of the global economy, many of which are likely to be impacted by disruption trends and have a long-term total portfolio approach, we are well placed to identify and capitalise on opportunities to invest in disruption and manage disruption risk.

4. Portfolio planning and investment selection

Once we have decided on appropriate portfolio-level risk settings for a given fund, we plan how we expect to allocate that risk and then, through underlying investment activity, we implement this plan.

Our approach to both portfolio planning and opportunity identification is necessarily dynamic, as our assessment of the investment environment, market pricing, and the expected relationships between different investments all vary through time.

Disruption assessment is integrated into our investment decision frameworks, prompting the Investment Team to consider thematic risks and opportunities in their investment strategies and during innovative idea generation.

By identifying materially impactful disruptive trends at an early stage, we can work with investment managers to accurately price risks and evaluate opportunities that can both protect and enhance the value of our portfolio over the long term.

Investment Committee

The Agency's Investment Committee generally meets twice every month. The Committee provides decision-making and review in respect of our whole-of-portfolio investment approach, and oversight of the management of the portfolio within the delegation agreed upon by the Board.

Relevant proposals approved by the Investment Committee are also presented as recommendations to the Board for review and approval.

The Investment Committee is supported by the Manager Review Committee and the Asset Review Committee. Both committees are comprised of senior representatives from across the Agency and have delegated authority from the Investment Committee to assess manager and asset due diligence, including performance and alignment with our investment objectives.

The committees consider recommendations in relation to the selection, monitoring and divestment of investment in manager mandates and investment in specific assets, with a focus on detailed due diligence as well as consideration of fees, terms, tax, legal and transaction structures.

For a list of Investment Committee members, please see the Governance and accountability section.



Investment beliefs

Essential to our investment process are our core beliefs.

They shape the way we interpret each fund's investment mandate and objectives, and how we reach investment decisions.

We believe that:

- Strong governance is essential to our success
- We have a number of comparative advantages that, if properly utilised, will help us achieve our Investment Mandates
- Our 'One team, One purpose' culture leads to better decisions and investment outcomes
- A total portfolio approach will improve our long-term performance
- Inefficiencies in markets create opportunities for us to add value through active management
- Risk is multi-faceted and robust risk management enhances our ability to achieve our investment mandates
- Our primary focus is on the value we add, net of all costs, but we seek to use our scale and market standing to optimise cost efficiency in investment management and in running the organisation.

In 2024–25, we added a new investment belief centred on responsible investment:

- Integrating environment, social and governance considerations, including climate change, as a Responsible Investor enhances long-term returns and our reputation.

Our comparative advantages describe who we are and how we operate. They provide us with a competitive edge and help us achieve our investment mandates.

Our principal comparative advantages are:

- **We are a long-term investor.** Our long investment horizon allows us to look through short-term volatility and be patient, taking positions we expect will pay off over the long term. We can also buy and hold private or otherwise illiquid investments offering additional returns.
- **Our reputation.** Our reputation is one of our most valuable assets, resting on our sovereign status and enhanced through time by our conduct and results. It facilitates access to other sovereign institutions and the most highly regarded peers and investment organisations globally, as well as attracting qualified and experienced staff.
- **Our access to high-calibre external partners.** Our scale, sovereign status and reputation help us to access and leverage the skill and expertise of best-in-class external partners and fund managers around the world.
- **We focus on total portfolio outcomes.** We embrace a total portfolio approach that allows us to remain focused on what matters at the whole-of-portfolio level, while collaborating to effectively integrate top-down and bottom-up investment ideas.
- **We have a single client and a single purpose.** Our single purpose is to invest for the benefit of future generations of Australians. They are represented by our single client – the Australian Government. This clarity of purpose enhances our focus on our investment objectives and unites us in our quest to achieve them.

Partnering with investment managers

We partner with investment managers around the world who execute investment strategies on our behalf. Our internal Investment Team works closely with these managers to seek out the best investment opportunities, in alignment with our investment objectives.

A list of our external managers at 30 June 2025 is available at Appendix A.

Our preference is for fewer and more meaningful relationships with quality external managers. We select managers for their ability to generate robust and repeatable superior returns, their willingness to genuinely collaborate and share knowledge, and for the breadth of their collective coverage.

Our focus on cultural and strategic alignment and building quality relationships has significantly improved the quality of investment opportunities available to us and has helped render our dynamic investment process more efficient and effective.

Using investment managers also aligns with our intention to enable our own investment professionals to stay focused on key investment decisions, rather than being drawn into day-to-day asset management.

Our investment manager selection process is designed to deliver high-calibre partnerships, and to ensure that portfolio construction does not lead to excessive concentration of manager risk in any one investment manager.

Experienced Agency investment professionals are responsible for undertaking rigorous investment manager and asset due diligence. They apply a structured framework to assess each manager or asset and bring forward a recommendation to the Manager Review Committee or Asset Review Committee as appropriate.

We also undertake regular reviews of external managers throughout the life of their relationships with us.

Due diligence incorporates assessment against agreed evaluation criteria and includes desk research, third-party research, onsite visits where possible and interviews with key investment decision-makers.

We also undertake detailed operational due diligence and use external advisers to undertake specialist due diligence to supplement our internal due diligence work as required.

Internal management

With our increased focus on domestic real asset exposures, the Board sought and received approval from the Government to undertake Australian infrastructure and property sector transactions and to manage assets without an external investment manager.

This is a noteworthy change from the long-standing obligation to exclusively use external investment managers. This additional capability is intended to access new opportunities in Australian infrastructure and property.

In many situations, including in infrastructure, we already employ a hybrid model of investing: using an external manager while having governance rights that entitle us to Board seats.

We continue to recognise the benefits our external manager partnerships bring in terms of insights and skills and to our ability to remain focused on the overall portfolio.

However, the capacity to make transactions and manage investments internally will increase our flexibility and reinforce our focus on value-for-money. It is a further example of how we continue to evolve the way we invest.

Managing currency

As Australia's sovereign wealth fund, we are always actively seeking out quality domestic investment opportunities that align with our investment strategy and investment mandates.

Our base currency is the Australian dollar. The return objectives for the Future Fund and all but one of our other long-term funds are tied to Australian inflation.

In managing currency risk, we conceptually consider offshore investments on a fully hedged basis and then separately evaluate to what extent we wish to hold an exposure to foreign currencies, with our diversified, whole-of-portfolio approach in mind.

We explicitly manage the size and nature of our foreign currency exposures, rather than allowing them to be shaped by the underlying investments.

We hold foreign currency exposure for a variety of reasons. For example, we believe it can enhance portfolio diversification through access to defensive currencies that provide returns and liquidity in times of market stress and can protect purchasing power when the Australian dollar is weaker.

Currency exposure for our long-term funds in 2024–25 is discussed in the Investment performance section of this report.

In the case of the DisabilityCare Australia Fund, given its higher domestic weighting and the conservative nature of its investment programs, we fully hedge all foreign currency exposures back to the Australian dollar.

Managing tax arrangements

When implementing our investment strategies, we invest through various jurisdictions and investment vehicles for a range of commercial, legal and tax reasons.

In Australia, the Board and the Board's wholly owned Australian incorporated subsidiaries are exempt from paying income tax. This is because our funds – and so our earnings – are owned by the Australian Government. Internationally, we also benefit from sovereign immunity for tax purposes on many of our investments.

Nonetheless, properly structuring our investments can be essential to maintaining our rights and entitlements, including the benefit of sovereign immunity for tax purposes in certain jurisdictions. Failure to manage these matters can have a material impact on performance and would be inconsistent with our mandated objective to maximise risk-adjusted returns while not diminishing the Government's reputation in financial markets.

We will invest through arrangements and structures that are well tested by other public investment institutions and funds, in terms of compliance with applicable laws and regulations.

We do not invest in schemes that contravene the OECD's key principles of transparency and information exchange for tax purposes.

In making investments, we assess whether the jurisdictions through which we invest are regarded by the OECD as having substantially implemented the internationally agreed tax transparency standard.

Responsible investment

Our responsible investment journey

As a large global asset owner with a long-term perspective, we have long recognised the importance of environmental, social and governance (ESG) issues, and have integrated these considerations into elements of our investment process since our inception.

In 2024–25, the Future Fund Board of Guardians expanded its investment beliefs to include a Responsible Investment Belief: *Integrating ESG considerations, including climate change, as a Responsible Investor enhances long-term returns and our reputation.*

This marks a significant milestone in the evolution of our investment approach, demonstrating our commitment to responsible investment.

Our Responsible Investment Belief is anchored in the premise that integrating ESG and climate change considerations into investment decision-making and implementation processes is essential for enhancing risk-adjusted long-term financial returns in a complex world.

Following the adoption of the Responsible Investment Belief, we introduced a new Responsible Investment Policy, which articulates what responsible investment means to us and the key elements of our approach.

We have commenced a multi-year plan to progressively evolve our investment governance and processes to align with the Board's Responsible Investment Belief and each element of the Responsible Investment Policy.

Our responsible investment approach is focused on delivering long-term value to the Australian Government and future generations of Australians. It also helps safeguard our reputation and credibility as Australia's sovereign wealth fund.

By deepening our understanding of the complex ESG and climate change issues impacting the investment landscape and our portfolio, we aim to better understand our external environment, manage risks effectively, seize opportunities and maintain portfolio resilience.

Establishing strong foundations in 2024–25

This year we made good progress in establishing the foundations of our responsible investment approach.

Key achievements for the year include:

- Established a responsible investment approach consistent with our obligations under the *Future Fund Act 2006*, our Investment Mandate and our investment strategy
- Together with the Board we established and started to embed the new Responsible Investment Belief
- Designed our new Responsible Investment Policy, which sets accountabilities within our organisation, guides our approach to investing, including integration, stewardship, exclusions and collaboration, articulates the Board's priorities and risk frameworks, and summarises our monitoring and regulatory obligations
- Established a multi-year program of work to embed the Responsible Investment Belief and Policy in our investment governance and processes, including a focused program of work on climate change.

Risks, opportunities and priorities

A key element of our responsible investment approach is building our understanding of the short, medium and long-term implications of ESG and climate-related factors on investment returns and our reputation.

We focus on the ESG and climate-related risks and opportunities that we have determined are most material to our portfolio.

Risks and opportunities

We implement risk management frameworks and processes to assess, understand, monitor and manage material ESG and climate-related risks and opportunities across the investment lifecycle.

These are implemented using the principle of materiality through investment due diligence, monitoring and stewardship activities.

Our responsible investment risks and opportunities include, but are not limited to:

- Corporate governance
- Diversity, equity, inclusion and belonging
- Climate change transition and physical risk
- Environmental compliance
- Human rights
- Indigenous rights
- Labour rights, including modern slavery
- Health and safety
- Cyber security and privacy
- Artificial intelligence.

Priorities

In addition to the risks and opportunities listed on this page, we also identify responsible investment priorities to build our understanding of issues which are considered systemic in nature, represent material exposure across the portfolio, could significantly affect long-term returns, and are priorities for our stakeholders.

Our current priority issues are:

- Climate change
- Responsible technology
- Nature and biodiversity.

These priorities will be progressively integrated into:

- **Investment research:** so that we understand the implications of these systemic issues on the investment landscape and opportunity set.
- **Stewardship activities:** so that we understand the implications that these systemic issues have on investments within our portfolio.
- **Industry collaboration:** so that we can deepen and share our knowledge, gain diverse insights and perspectives and advance best practice.

Our approach

There are four pillars to our approach: integration, stewardship, exclusions and collaboration.

Integration

We integrate ESG and climate change risks and opportunities into our investment analysis and decision-making to drive financial returns and long-term value.

Key elements of our integration approach

Governance

Responsible investment considerations are embedded within the Investment Team's governance structures, including relevant committees, accountability and decision-making frameworks.

Portfolio design

Consideration of systemic ESG and climate change issues is integrated into macroeconomic assumptions, secular scenarios and investment research.

Implementation

Investment Team sector strategies integrate responsible investment considerations. The Agency's responsible investment processes help to assess and monitor the governance, integration and stewardship practices of investment managers and large infrastructure assets. Responsible investment due diligence is also undertaken when considering investment opportunities.

Portfolio monitoring and reporting

Investment portfolio monitoring processes deliver portfolio insights and help strengthen the management of ESG and climate change risks and opportunities.

Stewardship

Stewardship is a critical element of being a responsible investor. Our objective is to deliver effective and outcome-focused stewardship that protects investment value and is aligned to our priorities.

By actively engaging with companies and encouraging them to uphold high standards of governance, we can work to enhance the long-term performance and resilience of our investments. This approach not only helps to mitigate risks but also capitalises on opportunities, ultimately contributing to more stable and sustainable financial markets.

Our Corporate Governance Principles, available on our website, align with our investment mandates and are applied throughout our investment stewardship activities.

Engagement

Active engagement with the boards and management of the companies in which we invest is a key component of our investment stewardship program.

Engagement is a valuable tool that helps protect and enhance long-term investment value. By interacting with investee companies, we can influence corporate governance practices and the effective management of ESG and climate-related risks and opportunities.

Additionally, engagement provides us with a deeper understanding of the strategic risks and opportunities to which these organisations are exposed.

Engagement is crucial as it fosters a dialogue between investors and companies. This proactive approach allows us to address potential issues before they escalate, thereby mitigating risks and enhancing the long-term performance of our investments.

Our engagement activities are primarily focused on Australian companies, and we tailor our meetings to the specific context of each organisation.

Internationally, engagement is delegated to our investment managers, and we review the processes and engagement outcomes through our regular manager monitoring processes.

2024–25 outcomes

Each year we engage with board and management representatives from a broad range of Australian-listed companies.

During 2024–25, we directly engaged with 54 ASX companies across 70 separate meetings. Issues discussed during these meetings varied depending on what is material to each company but often included topics such as culture and conduct, board composition, management quality, remuneration, regulatory compliance, workplace culture, diversity and inclusion, pay equity, modern slavery, Indigenous engagement and cultural heritage, and climate change.

While it is difficult to attribute direct progress or outcomes to any single engagement, especially given that investee companies engage with a wide variety of stakeholders, our strategic engagement program aims to support good governance at the companies in our portfolio and encourage them to address the ESG and climate-related challenges and opportunities they face.

Our commitment to active engagement not only helps protect our investments but also contributes to improvements across the system as a whole.

Voting

We exercise our voting rights in publicly listed companies because we believe that exercising our ownership rights encourages and supports good governance practices.

We do not engage in share lending, as it may reduce our voting rights and create misalignment with our corporate governance priorities.

As part of our integration approach, we oversee the quality of our investment managers' insights into corporate governance and proxy voting. We regularly evaluate their proxy voting policies and proxy voting recommendations.

Our Australian proxy voting decisions are guided by our Corporate Governance Principles. We receive voting recommendations from our investment managers and proxy advisers for shareholder meetings.

If a company resolution conflicts with our principles or does not align with our investment interests, we may vote against the company's board.

2024–25 outcomes

During the year, we directly exercised our voting rights in publicly listed Australian companies, participating in 224 Australian shareholder meetings and voting against board recommendations in 11.8% of all resolutions. A report detailing our votes at each Australian shareholder meeting during 2024–25 can be found on our website.

Given the complexity of corporate governance and proxy voting regimes in multiple international markets, our external investment managers advise us in exercising these voting rights. These managers, responsible for managing investments on our behalf, are well placed to evaluate good corporate governance in overseas domiciled investee companies. However, we retain the ability to override our managers' recommendations when necessary.

In aggregate, during 2024–25 we participated in 3,219 international shareholder meetings and voted against company boards' recommendations in 20% of all international resolutions.

We may also have the right to vote in relation to direct shareholdings in companies or pooled vehicles. In these situations, voting decisions are managed by our private markets teams. In addition, we participate wherever practical on the advisory boards of pooled vehicles that give investors a voice on certain key decisions.

Where eligible, we also typically exercise the right to appoint a director to the board of an unlisted entity in which we invest directly. In some cases, such as our investments in Melbourne and Perth airports and the Port of Melbourne, senior members of our Investment and Management Team sit as Directors. In other cases, we have appointed high-quality Directors to act on our behalf who are either employees of the relevant external manager or suitably qualified third-party professionals selected in consultation with the manager.

Exclusions

The Board's responsible investment exclusions centre on the economic activities that are banned through the treaties and conventions ratified by the Australian Government.

Our treaty and convention-based exclusions approach was first implemented in 2009 and is regularly reviewed.

Our exclusions philosophy and guidelines are summarised as follows:

- **Policy approach:** Our exclusions are focused on the economic activity categories, not on how an investee company conducts its business.
- **Definitions:** Exclusion categories are defined by the economic activities that are banned by the treaties and conventions that have been ratified by the Government. The basis for tobacco exclusions was defined through a separate Board decision.
- **Supply chain:** To be excluded, the investee company's products, services or activities must play a critical role in the banned economic activity.

- **Asset classes:** The exclusions policy formally applies to directly held equity and debt investments but can be applied elsewhere in the portfolio on a case-by-case basis to manage risk.
- **Involvement:** Clear evidence from two expert data providers is required of an investee company's involvement in the banned economic activity for it to be excluded.

Where serious breaches of ESG standards are identified, the Board prefers engagement over exclusion, working with the company either directly or indirectly through our investment managers to improve performance. However, the Board retains the option to exclude investments in cases of particularly severe or sustained misconduct, especially where the investee company is unwilling or unable to change its practices.

The list of companies excluded from our portfolio under our Responsible Investment Policy is available on our website.

The current coverage and scope of our investment exclusions is presented in the following table.

Coverage and scope of investment exclusions

Economic activity	Basis for exclusion	Criteria
Controversial weapons		
Cluster Munitions	2008 Convention on Cluster Munitions	Develop or produce
Anti-Personnel Mines	1997 Convention on the Prohibition of Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction	Develop or produce
Nuclear Weapons	1968 Treaty on the Non-Proliferation of Nuclear Weapons 1985 South Pacific Nuclear Free Zone Treaty	Develop or produce weapons or supporting technology in non-nuclear states Operate peaceful nuclear technologies in states not party to the NPT* or IAEA** safeguards
Chemical Weapons	1993 Convention on the Prohibition of the Development, Stockpiling and Use of Chemical Weapons and on their Destruction and Annexes	Develop or produce
Biological Weapons	1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction	Develop or produce
Tobacco		
Primary Tobacco Production	Undisputed health consequences, including serious illness and increased risk of death, and that the consumption of tobacco is not safe in any quantity	Produce

Note(s):

* 1968 Treaty on the Non-Proliferation of Nuclear Weapons

** International Atomic Energy Agency.

Collaboration

Collaborating with like-minded investors and other relevant industry participants is a highly efficient means of deepening knowledge, gaining diverse insights and perspectives, and advancing best practice.

We actively participate in a range of domestic and global industry initiatives and work with various advisory bodies and multi-stakeholder groups to drive improvements in responsible investment understanding and practice.

This collaborative activity is complemented by ongoing informal engagement with leading domestic and international asset owners and fund managers.

Collaborative initiatives

In 2024–25, we actively participated in and collaborated with a number of organisations including:

- 20-20 Investment Association
- Australian Investment Council
- Australian Securities and Investments Commission's (ASIC's) Corporate Governance Council
- FCLTGlobal
- International Forum of Sovereign Wealth Funds (IFSWF)
- International Corporate Governance Network (ICGN)
- International Sustainability Standards Board (ISSB)
- Investor Leadership Network (ILN)
- Pacific Pension and Investment Institute
- Standards Board for Alternative Investments
- The 30% Club
- Thinking Ahead Institute
- Wellington Climate Leadership Coalition (WCLC).

Modern slavery

The Future Fund has obligations under the *Modern Slavery Act 2018* (the Act), which require us to identify and report actual and potential modern slavery risks.

The primary aim of the Act is to highlight this issue and drive positive change across economies, both domestically and internationally.

Modern slavery considerations are embedded within our Responsible Investment Policy.

Our investment frameworks and approach provide robust guidance for the identification and management of ESG risks, including modern slavery, across the investment portfolio. This involves due diligence activities, monitoring external investment managers, engaging with investee companies, and ongoing portfolio monitoring and oversight.

Activity in 2024–25

Throughout the year, several portfolio actions were undertaken by the Investment Team, including:

- Modern slavery risk assessments were undertaken across the investment cycle including: pre-investment due diligence, investment manager reviews, portfolio monitoring and direct engagement activities. Over the past year, modern slavery risks were discussed with 18 prospective and existing investment managers across several asset classes, including infrastructure, listed equities, property, credit, alternatives and private equity.
- Strategic engagement was undertaken with Australian-listed equities investment managers to better understand their approaches to modern slavery risk management and engagement practices. Each manager participated in meetings to discuss their approach, implementation activities, and the nature and quality of their modern slavery disclosures.

These engagement discussions also facilitated the sharing of insights on emerging modern slavery governance practices in the Australian Stock Exchange (ASX).

- Strategic engagement was undertaken with ASX-listed companies through our established investment stewardship program. Discussions on modern slavery are frequently incorporated into corporate governance meetings with ASX company boards or discussions with the company's sustainability specialists.

During the year, modern slavery engagement activities were undertaken with 29 ASX-listed companies across several industry sectors, including materials and mining, financials, healthcare, consumer staples, consumer discretionary and industrials.

- We are invested in nine large Australian infrastructure assets that are subject to the Act. These assets are diversified across industries including ports, airports, renewable energy, timberland, data centres, telecommunications and roads.

Our Investment Team monitors the performance of each asset through regular reviews of modern slavery statements and engagement with management teams on their policies and approach.

- More detailed information on our approach is integrated into the Commonwealth Government's Modern Slavery Statement, which covers all Commonwealth Government procurement and investment activities. The Commonwealth Statement is published at the end of each calendar year.

Climate risks, opportunities and disclosure

Our approach to climate change acknowledges the scientific consensus about human-induced increases in global temperatures and the systemic risks including to financial markets and long-term returns, and also seeks to realise the opportunities for a long-term investor like the Future Fund.

Findings from the Intergovernmental Panel on Climate Change indicate that greenhouse gas emissions resulting from human activity are contributing to global temperature increases. These changes have implications for asset valuations, portfolio resilience and overall market stability.

Policy, regulatory and societal responses to climate change also present both risks and opportunities for investors.

We address climate change through an integrated and investment-led approach. Climate is a consideration in how we build our portfolios and is integrated dynamically into our process alongside other drivers of risks and opportunities.

As part of our multi-year plan to evolve our responsible investment approach, we have a dedicated program of work focused on climate change that will support progressively building out our approach.

The Agency's first disclosure under the Commonwealth Climate Disclosure (CCD) Initiative is available at Appendix B.

In 2024–25, disclosure requirements are focused on enterprise climate-related risks and opportunities in the Agency's operations.

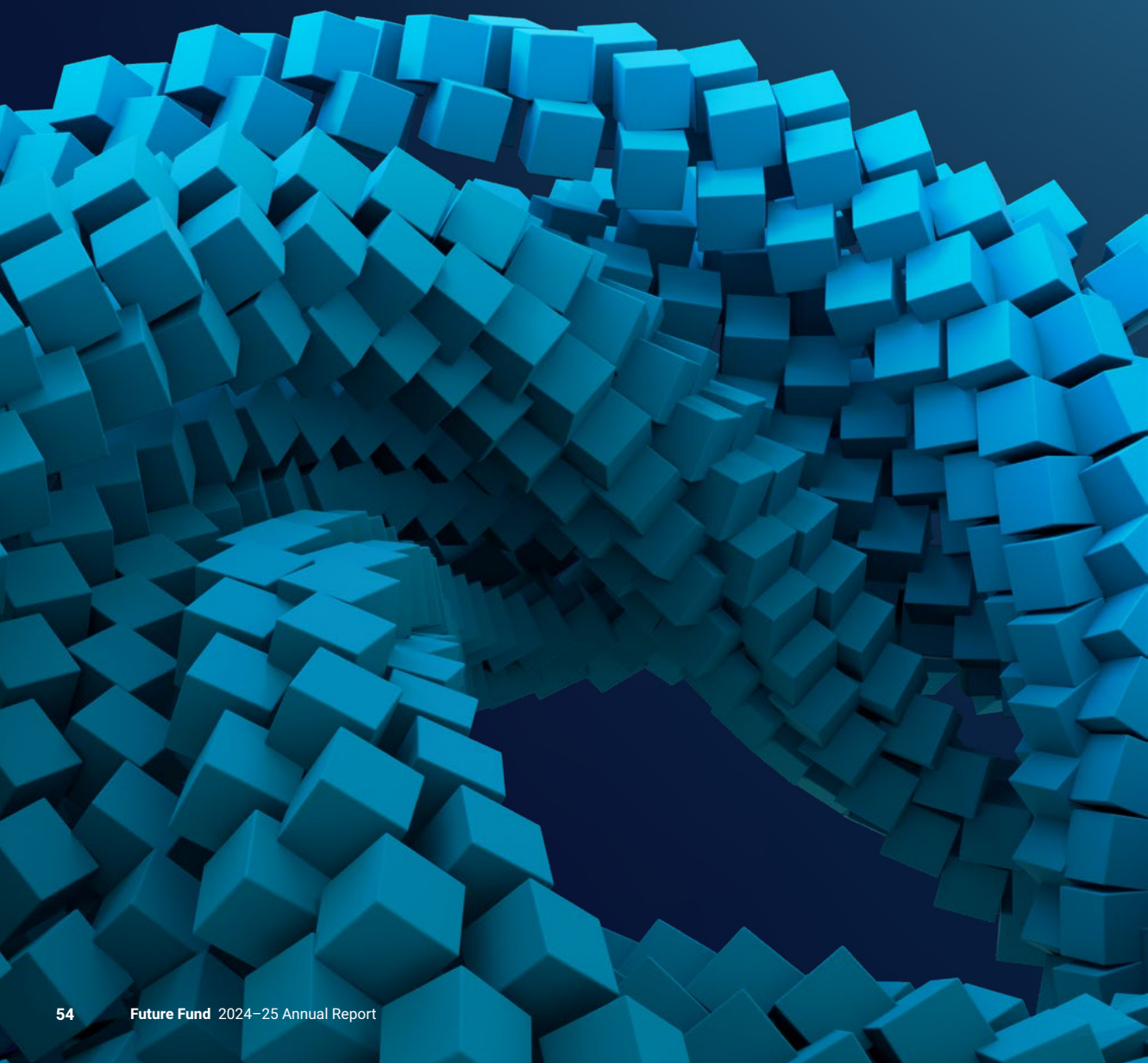
The CCD Initiative is being phased in over three years, becoming progressively more detailed each financial year.

Our disclosures will expand over time to include further detail about climate risks and opportunities in the investment portfolio in line with the progressive implementation schedule.

04



Investment performance



Investment environment in 2024–25

Investment success is far from certain.

Extraordinary times are challenging the economic and global security assumptions that have been held for decades. The past year has been marked by complex economic conditions, global political upheaval and transformative technological developments.

New Investment Order

The ‘New Investment Order’ thematics we first outlined in 2021 continue to disrupt international trade and commerce with significant implications for the secular investment environment.

Geopolitically, the world continued to fracture. Long-standing alliances were challenged, there were substantial armed conflicts, and globalisation is in retreat, in line with our 2023 position paper, *Geopolitics: The Bedrock of the New Investment Order*. The paper set out how we define and conceptualise geopolitics, why we think it is so important, and how we incorporate such uncertainties into our investment process.

The further entrenchment of a multi-polar world or one where there are more than two major powers, continues to shape policy, financial markets and monetary policy in different ways across countries and industries.

US election

The election of Donald Trump as US President last year added layers of volatility and unpredictability.

The America-first agenda and ‘Liberation Day’ tariff announcements ignited trade disputes worldwide, rocked financial markets and caused many investors to reevaluate confidence in their portfolios.

There has been a significant reshaping of the long-established framework of relationships and alliances that have underpinned politics, trade and investment which is creating elevated levels of uncertainty for investors.

US dollar depreciation appears to be a Trump administration policy objective. The US dollar has fallen by approximately 10% in the last year against major currencies. Continuing depreciation may be significant for international capital flows and asset values.

Alongside these dynamics, there is a widening US budget deficit, and close scrutiny on the role and decisions of the US Federal Reserve and the outlook for US Treasury yields.

The US remains an incredibly dynamic economy with a strong diversity of exposures and continues to offer many desirable investment opportunities, albeit that changes in investor sentiment and pricing of risk may see a smaller share of capital flows to the US going forward.

We continue to monitor US tariff policy for its effects on the macroeconomic environment, policy environment and financial markets. The trends towards deglobalisation, greater geopolitical tensions, and multi-polarity in world power pre-date President Trump and can be expected to continue beyond the Trump era.

Artificial Intelligence

The contest between China and the US continues, including the race to dominate in AI capability.

AI is a thematic with profound implications for markets, economies, businesses and people and it has been a focal item for discussion and debate worldwide.

It is a structural force that will shape capital flows and spur divergence in returns by region, industry and company, with the potential to change market structures and the strategic alignment between countries.

The expectation that AI could drive a boost to productivity as significant as the introduction of the internet is tempered by ongoing debate about regulation and usage.

Regardless of this, AI adoption is accelerating much faster than many anticipated in various ways in organisations across the globe.

Global economic backdrop and conditions

We are also seeing transformative shifts in regional dynamics.

Europe has historically been constrained by fiscal targets, but we have seen a very different fiscal impulse coming from Europe including significant shifts such as Germany shedding its fiscal shackles to increase defence spending. A common theme for financial markets this year has been whether we have seen the end of 'US Exceptionalism,' and many investors are questioning the 'right' level of US exposure as well as considering opportunities in Europe as a relatively more attractive investment destination for capital in the years ahead.

Any reduction in traditionally complex European regulatory constraints will only add to the relative appeal of risk assets in Europe.

Japan has a similar dynamic of opportunity. Reforms over time have turbo-charged the corporate environment in Japan and balance sheets are increasingly focused on delivering returns to shareholders, improving the appeal of Japan as a destination for capital. After decades of deflation, Japan is now wrestling with inflation as an issue and a return to sustainably positive interest rates will impact capital flows.

China continues to move slowly through a period of structural reform as policymakers attempt to avoid deflation and face a structural rather than cyclical decline in economic growth rates. With a potential deflationary backdrop and uncertainty on what levels of reform and policy support authorities will provide, we remain cautious on the relative attractiveness of Chinese assets.

Equity markets closed the year at new highs, and commodity markets also rose, necessitating some caution regarding correlation. We continue to hold commodities including gold as part of our initiatives to build a more resilient portfolio as some scenarios under the New Investment Order project them to perform well when geopolitical risk is heightened.

The transition to a new world is not linear. The twists and turns create a volatile economic environment that also creates significant investor opportunities as new assumptions and clarity emerges.

Portfolio activity in 2024–25

The world continues to evolve and change

In 2021, we released our first position paper – *A New Investment Order* – that set out several identified paradigm shifts surrounding four specific orders: world, economic, policy and markets.

These shifts – including inflation regimes, climate and energy transition, changing asset correlations and technology disruption – continue to evolve and impact global financial markets and investment portfolios, making the longer-term investment environment challenging for investors. Indeed, this environment is one that is not within the memory of many in the investment community.

We continue to believe forward-looking returns will be difficult to earn and reappraising how we invest to achieve our Investment Mandate is an important focus. Details on why such a refresh is necessary with changing geopolitics underpinning the investment environment, and how we have responded to this investment challenge has been outlined in our second and third position papers – *The Death of Traditional Portfolio Construction* and *Geopolitics: The Bedrock of the New Investment Order*.

This effort has meant we made over \$90 billion of changes across the portfolio for the 2024–25 financial year alone, and changes totalling close to \$290 billion since May 2021.

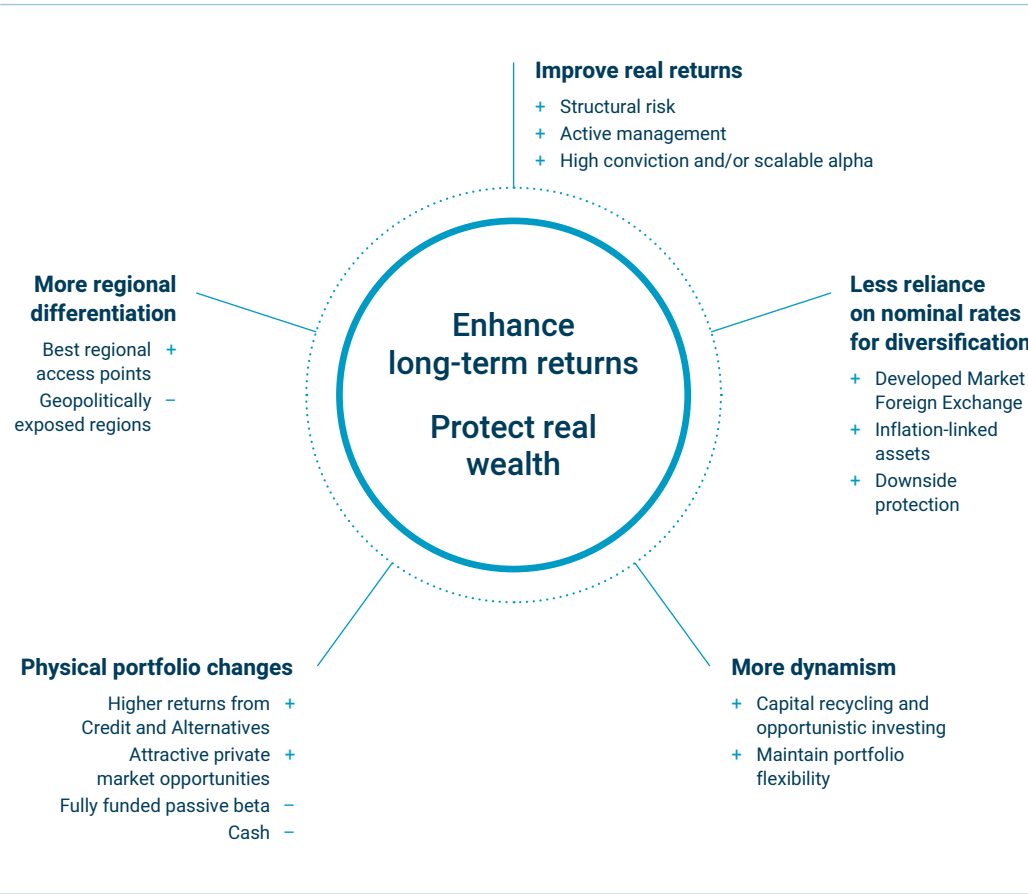
As in previous years, portfolio activity was centred on two focal points:

- Enhancing long-term returns
- Protecting real wealth by building a resilient portfolio in response to possible scenarios presented by the New Investment Order.

The following diagram illustrates the evolution of our portfolio construction process over the past year.

The Future Fund’s evolved portfolio construction process in 2024–25

Increase long-term returns, maintain alpha ambition and protect real wealth in adverse scenarios.



Focusing on the highlighted zones in the diagram on the previous page:

- We increased our level of structured risk across the financial year to **improve real returns** and to maximise the prospect of achieving the Investment Mandate. We contend this is consistent with our outlook as we believe we will experience higher nominal growth across most scenarios we model, with cash flows from listed equities likely to benefit from the pass-through of inflation. Risks are, however, present and we believe they will grow over the investment horizon. As a result, we need to maintain strong portfolio flexibility to allow us to adjust our portfolio over time.

This change was largely accomplished by increasing our exposure to listed equities and we continued to focus on making investments that rely on investor skill or active management rather than taking on passive market risk.

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.

Examples of this change include further investment into actively managed opportunities in Japanese equities due to positive reforms to corporate practices and balance sheets, and further funding for Australian small cap equities that was initially funded in 2023–24.

Work reviewing active opportunities in emerging market equities, as part of a broader shift from passive management, was prioritised.

We also provided capital to a new co-investment strategy and capability in listed tangible assets and continued to support our existing private equity co-investment strategy with a focus on early-stage venture opportunities, as well as technology exposures more generally across private equity to help capture opportunities across this megatrend.

- As noted in previous years, to reflect scenarios with structurally higher and more volatile inflation we have continued to **rely less on global interest rate exposure to provide us with diversification**.

Instead, we seek to obtain portfolio diversification through currency, commodities and alternatives, consistent with ongoing concerns with correlations as detailed in our position paper on geopolitics. Reflecting this focus on diversification and our increase in structural risk across the portfolio, we made meaningful changes in rates and currency, with these adjustments totalling more than \$40 billion across the 2024–25 financial year.

Regarding currency, our focus on diversification led us to better identify the risks associated with US exceptionalism and US dollar concentration in our portfolio, allowing us to restructure our Developed Market Foreign Exchange basket. These changes contributed materially to our returns for the 2024–25 financial year.

While we continue to view government rate exposure as less diversifying and less rewarded when compared to previous decades, we continue to hold our duration through assets like infrastructure that also help us capture inflation. An example is the Future Fund's investment in Transgrid, that operates and manages the high voltage electricity transmission network in New South Wales and the Australian Capital Territory, in May 2025.

We also worked on additional levers that will provide us with appropriate downside protection under certain scenarios, ranging from alternative exposures through to active commodity exposures.

- As discussed in our *2023–24 Year in Review*, enhanced portfolio liquidity and flexibility occurred through the creation of our Treasury Management function. This has allowed us to act with **more dynamism** across the year, disposing of assets at the peak of their valuation cycles and recycling capital into opportunities that have presented. This involves investing capital in energy transition mandates in the US and Europe, providing capital to high-quality property managers to capture opportunities associated with the re-rating of property valuations and exploring the scale of multi-asset opportunity in the secondaries market.

We also further increased the amount of developed market currency we hold in keeping with our increase in structural risk, reducing our foreign exchange hedging requirement that can be a drain on our portfolio liquidity and flexibility.

Importantly, we also refreshed and integrated our top-down scenarios to reflect the institutional and policy changes anticipated in the New Investment Order, and as a result, better prepare our portfolio and investment process for possible future paths. Being more prepared allows us to reflect more dynamism in our portfolio decision-making and activity.

- In the spirit of being opportunistic, we made substantial changes to our physical portfolio during 2024–25 – totalling close to \$35 billion. These changes, while reflecting the pipeline of ongoing opportunities presented to us by our external partners and investment network, also reflect our proactive approach in seeking to capture exposures across three megatrends – energy transition, AI and technology, and shifting balance sheets.

While certain examples of changes to our physical portfolio have been previously discussed in the *2023–24 Year in Review*, other examples include Credit (special situations, direct lending and private credit) and all other private market classes.

A specific private market example is the Future Fund's further investment in CDC with data centres expected to play an important and long-term role in an economy experiencing technological advancement.

As mentioned previously, our increase in structural risk occurred primarily through an uplift in listed equities, with a focus on active management. This ongoing focus will lead to a reduction in passive market exposure in time.

Our uplift in structural risk also led to a decline in cash in our portfolio, although our enhanced Treasury Management function has significantly improved our cash management capability across the portfolio.

- We have worked on improving **regional differentiation**, continuing to support our preference for domestic infrastructure assets, given their ability to hold value in a higher inflation environment and provide predictable cash flows.
- We also increased our support for other regions (such as Japan and Europe) across all asset classes as identified longer-term geopolitical drivers like changing trade dynamics and increased strategic competition took hold. Equally, we became more cautious of other regions, like China, that we believe are more geopolitically challenged and are therefore more likely to have their longer-term growth models impacted.

Similar portfolio activity occurred for the Medical Research Future Fund, the ATSILS Fund, the Future Drought Fund, the Disaster Ready Fund and the Housing Australia Future Fund.

We continue to diversify those five funds and build exposures to high-conviction and capacity-constrained managers.

Future Fund

Interpreting the Investment Mandate

The Future Fund's initial Investment Mandate was issued to the Board by the responsible Ministers in May 2006. It required the Fund to achieve an average annual return of at least the CPI + 4.5% to 5.5% per annum over the long term, with an acceptable but not excessive level of risk.

A new Investment Mandate came into effect from 1 July 2017, which reduced the long-term benchmark return target to the CPI + 4.0% to 5.0% per annum, reflecting the changed investment environment.

On 19 November 2024, the responsible Ministers issued an updated Future Fund Investment Mandate Direction 2024. There was no change to the benchmark target return, but there was the requirement that the Board have regard to three national priorities in 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, and delivering improved infrastructure located in Australia.

The Future Fund Board must continue to make investments consistent with its legal obligation to maximise returns over the long term, while taking an acceptable but not excessive level of risk.

Additionally, the announcement was made that drawdowns from the Future Fund would be deferred until at least 2032–33. The deferral of withdrawals ensures that the Future Fund can continue to strengthen the Australian Government's long-term financial position and make sustainable contributions to the Budget.

In balancing the risk and return aspects of the Fund's Investment Mandate, our primary objectives are to:

- Maximise the value of the Fund over the long term, which we define as rolling 10-year periods
- Minimise the risk of significant capital losses along the way, with a particular focus on expected downside outcomes over rolling three-year periods.

There is a natural tension between these two objectives, and we have established investment frameworks that guide how we resolve trade-offs such as these.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy for investments of the Fund.

While we publicly report and discuss the performance of the Future Fund at a high level each quarter, outcomes over these short periods of time are not appropriate indicators of the likelihood of achieving the outcomes set out in the Investment Mandate over the long term.

We explicitly reject the concept of 'peer risk' (the risk of underperforming other institutional investors over the short term) as being inconsistent with the mission and long-term mandate of the Fund. However, we appreciate that comparisons between the Fund's return and the returns of other funds with similar objectives, both locally and globally, are valid over the longer term.

The Fund's Investment Mandate is available via our website.

Risk positioning

Based on its interpretation of the Investment Mandate, the Board has an appetite for material levels of risk in the Future Fund. Nonetheless, in accordance with our investment process, we aim to build a portfolio with some degree of resilience to the investment environment.

We seek genuine diversification that achieves greater balance in portfolio construction, while allocating risk in a flexible and dynamic manner.

Our outlook on the global economy and markets is explored in more detail in our investment environment report at the start of this section.

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 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.

The Board believes that a EEE of 65 corresponds to a structural risk level for the Fund that is consistent with an acceptable probability of achieving its Investment Mandate over the long term, while also not exposing the Fund to excessive levels of risk.

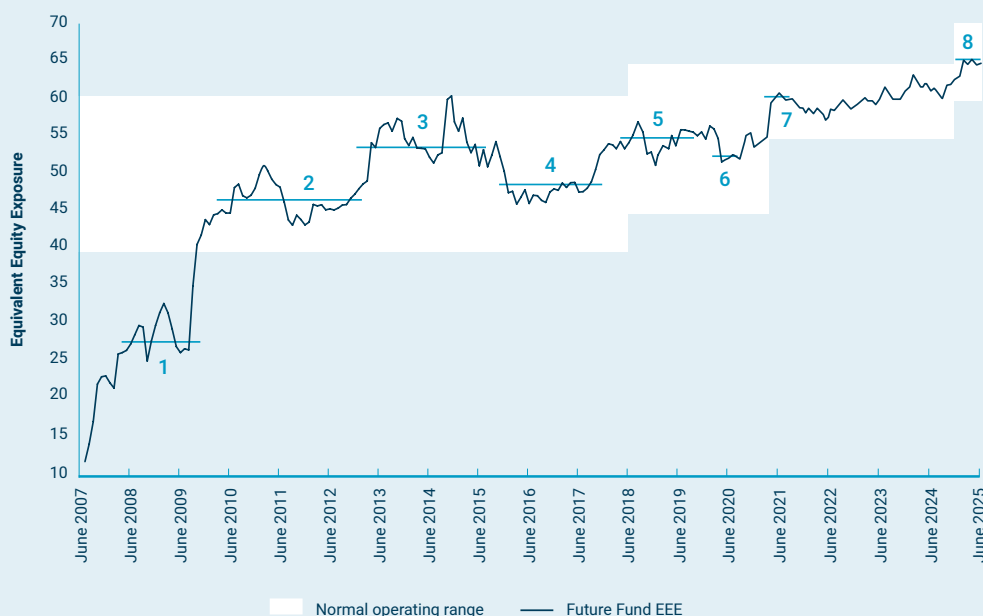
The decision to structurally increase the EEE of the portfolio was progressively implemented and the portfolio's EEE rose gradually throughout the year.

At 30 June 2025, the EEE stood at 65.

The chart on the next page 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 (GFC).
2. Portfolio risk exposure was increased as extraordinary and globally coordinated economic policies were implemented to fight the GFC.
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 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 subsequent policy response.
7. The structural risk level was adjusted during 2020–21 and we narrowed the range around which we expect to manage the portfolio.
8. The structural risk level was increased in 2024–25 to increase the probability of achieving the Investment Mandate's return target in the long-term. The decision was implemented progressively throughout the year.

Future Fund Equivalent Equity Exposure (EEE) since inception



Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio, rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 39% of the total Future Fund. We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 5% of the Future Fund to emerging market currencies at 30 June 2025.

We expect a diversified exposure to emerging market currencies to deliver a modest excess return through some combination of gradual real effective exchange rate appreciation and/or positive real interest rate differentials, relative to the Australian dollar.

Given that we expect its performance to be uncorrelated with broad market risk over the long term, we consider our basket of emerging market currencies to be an attractive risk-adjusted exposure at portfolio level.

Performance

At 30 June 2025, the Future Fund achieved an annual return of 12.2% per annum and a 10-year return of 8.0% per annum, exceeding its target of 6.9% per annum.

The Fund stood at \$252.3 billion at 30 June 2025, with investment returns adding over \$190 billion to the original seed capital from the Australian Government.

Investment returns to 30 June 2025 are shown in the following table, together with the target benchmark returns set by the Investment Mandate.

Given that the Future Fund's Investment Mandate requires us to take acceptable but not excessive risk, when assessing our overall performance, we look closely at the level of risk taken in the portfolio.

Capturing risk in a single number is problematic, but the following table shows the level of realised volatility in the portfolio. While imperfect, this measure of risk is the standard and perhaps best understood industry measure.

Alongside the level of realised volatility, we also report the Sharpe ratio, a measure of the risk-adjusted return.

On a 10-year basis, the Future Fund's return of 8.0% per annum measures well when compared to the portfolio's realised volatility across this time and through a Sharpe ratio of 1.3, meaning the Future Fund is providing a good excess return relative to risk.

Future Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (May 2006)	7.9	6.9	4.6	1.1
10 years	8.0	6.9	4.8	1.3
Seven years	8.1	7.3	5.2	1.2
Five years	9.4	8.4	5.2	1.4
Three years	9.1	8.0	4.6	1.1
2024–25 financial year	12.2	6.1	3.7	2.1

Note(s):

1. The Investment Mandate set a benchmark target return of at least the CPI + 4.5% to 5.5% per annum to 30 June 2017 and then the CPI + 4.0% to 5.0% per annum thereafter.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return.

Portfolio exposures

Asset allocation at 30 June 2025

Asset class	\$m	% of Fund
Australian equities	27,226	10.8
Global equities		
Developed markets	65,131	25.8
Emerging markets	14,329	5.7
Private equity	33,502	13.3
Property	11,118	4.4
Infrastructure and timberland	28,736	11.4
Credit	22,434	8.9
Alternatives	37,047	14.7
Cash	12,806	5.1
Total	252,328	100.0

Asset class exposures at 30 June 2025

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	9
Consumer staples	5
Healthcare	9
Real estate	1
Financials	24
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	41
Multi-strategy	6
Venture and growth	53

Property

Sector	Exposure (%)
Industrial	27
Residential	25
Retail	15
Diversified	15
Office	8
Hospitality	6
Seniors Living	3
Healthcare	2

Infrastructure and timberland

Sector	Exposure (%)
Airports	21
Electricity, oil and gas	30
Communications	27
Transport	12
Timberland	7
Water	3

Credit

Strategy	Exposure (%)
Private debt	40
Investment-grade corporate	2
Sub-investment-grade corporate	33
Mortgage-backed securities	4
Other securitised	8
Emerging markets debt	11
Cash and other	3

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure and timberland (%)	Credit (%)	Alternatives (%)
Australia	25	4	7	60	4	1
United States of America	45	63	52	23	53	56
Europe (ex-UK)	8	10	23	10	16	16
United Kingdom	2	6	10	5	10	2
Japan	6	0	2	0	0	4
Developed (other)	2	3	2	3	1	8
Emerging	11	12	4	0	15	13

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	23
United States of America	43
Europe (ex-UK)	11
United Kingdom	4
Japan	6
Developed (other)	4
Emerging	10

Future Fund costs

Cost management

Our use of external investment managers, together with our commitment to a broadly diversified portfolio and breadth of investment classes, means that over time our costs will generally be higher than those investors with less complex portfolios.

The commitment to genuine diversification is an important facet of our investment strategy and was beneficial to the Future Fund's overall performance, delivering strong returns net of costs while reducing volatility.

We are therefore more willing to pay higher fees where significant value is added over broad market exposure (such as private equity), or for exposures that are truly diversifying (such as alternatives).

We continue to closely monitor costs in the asset classes in which we invest, reviewing the expected returns and costs of implementing the investment strategy on an ongoing basis.

In negotiating terms, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

Every decision we make in relation to the portfolio is considered having regard to the returns and risks, net of all costs. Equally, all returns we report are always net of all costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the Future Fund as reported in the audited financial statements.

The Fund's direct costs over the last three years are featured in the next table. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Changes in costs over the years reflect changes in the size of the Future Fund, investment activity undertaken during the year, and the accrual and payment of performance fees.

Look-through costs

Investment management and performance fee costs incurred indirectly through investment vehicles or where the Fund is part of a co-mingled group of funds, are reported as look-through costs.

The look-through costs are identified by making additional enquiries of managers of non-consolidated investment vehicles to estimate the underlying management and performance fees of these entities.

In providing this additional information, we seek to provide a full and complete indication of investment management and performance fee costs.

We note that these additional cost disclosures are based on unaudited estimates and derived using a variety of methodologies, particularly regarding performance fees that may become payable.

We employ a range of performance fee arrangements, which incorporate the use of high-water marks and claw-back provisions, to ensure as far as possible that performance fees reflect genuine outperformance over time.

It is important to note that most accrued performance fees are only paid on realisation of an investment, and therefore it is possible that not all accrued fees will ultimately be paid.

The additional look-through costs over the last three years are shown below.

Summary of direct costs and direct cost ratio

	2022-23	2023-24	2024-25
Direct costs	\$545.04 million	\$715.98 million	\$628.31 million
Direct cost ratio	0.273%	0.335%	0.265%

Summary of look-through costs

	2022-23	2023-24	2024-25
Look-through costs	0.74%	1.03%	1.17%

Direct costs for the Future Fund in 2024-25 decreased due to a large reduction in the deferred tax expense, offset by an increase in management, transaction and operational costs due to growth in the size of the Fund.

Increased indirect costs, or look-through costs, reflect the growth and stronger performance of the Fund for the year, resulting in an increase in management and performance fees.

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2022-23	Amount debited 2023-24	Amount debited 2024-25
Contracts with investment managers	\$289,556,000	\$361,688,000	\$400,235,000
Board remuneration and allowances	\$1,019,000	\$944,000	\$1,119,000
Agency remuneration and allowances	\$71,459,000	\$88,049,000	\$100,157,000
Consultants and advisers to the Board and Agency	\$25,579,229	\$20,955,896	\$26,621,696
Agency and portfolio operations	\$124,682,771	\$145,378,104	\$147,065,304

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Medical Research Future Fund

Interpreting the Investment Mandate

The Medical Research Future Fund (MRFF) was established in August 2015 with an initial contribution of \$1 billion from the Health and Hospitals Fund and subsequent capital contributions totalling \$19 billion between 2015 and 2020.

The Medical Research Future Fund Investment Mandate Direction 2015 requires the Board to adopt a benchmark return of the average return of at least the Reserve Bank of Australia Cash Rate target + 1.5% to 2.0% per annum, net of investment fees, over a rolling 10-year term.

In targeting this benchmark return, the Board must determine an acceptable but not excessive level of risk for the MRFF measured in terms such as the probability of losses in a particular year.

In determining the level of risk, the Future Fund Board must take into account the principle that the nominal value of the credits to the MRFF be preserved over the long term and the need to moderate the volatility of the maximum annual distribution.

In managing the Fund's risk and return requirements and our role in declaring maximum annual distribution amounts, we try to:

- Ensure a high probability of achieving the minimum benchmark return over rolling 10-year periods
- Control the risk of losses, with a particular focus on expected downside outcomes over rolling three-year periods, so as to help preserve the nominal value of contributions over the long term
- Determine a combined level of investment risk, and an approach to distributions that facilitates relative predictability in distributions.

At times, there may be a conflict between these competing objectives because of the so-called 'endowment trilemma', whereby:

- Higher expected returns and distributions tend to increase the risk of losses
- For a given distribution policy, increased investment risk increases the volatility of distributions

- Adjusting the distribution policy for a given investment strategy can either decrease the volatility of distributions or the risk that capital is impaired over time, but not at the same time.

We have established investment frameworks that guide how we resolve these trade-offs.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

The Fund's Investment Mandate is available via our website.

Risk positioning

Based on its interpretation of the Investment Mandate, the Board has on average, a moderate appetite for risk in the Medical Research Future Fund.

In accordance with our investment process, we also aim to build a portfolio with a relatively high degree of resilience to the investment environment.

We seek genuine diversification that achieves balance in portfolio construction while allocating risk in a flexible and dynamic manner.

One of the primary metrics we use to understand and manage the broad market risk exposure of the Medical Research Future Fund is EEE. EEE estimates the 'look-through' sensitivity of the portfolio to price movements in global equity markets.

Our expected EEE range for the Medical Research Future Fund is 29 to 37.

At 30 June 2025, the EEE stood at 33, which is the middle of the range.

Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 13% of the total Medical Research Future Fund. We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 3% of the Fund to emerging market currencies at 30 June 2025.

We expect a diversified exposure to emerging market currencies to deliver a modest excess return through some combination of gradual (but incremental) real effective exchange rate appreciation, and/or positive real interest rate differentials relative to the Australian dollar.

Performance

Investment returns at 30 June 2025 are shown below, together with the target benchmark returns set by the Investment Mandate.

At 30 June 2025, the Medical Research Future Fund was valued at \$24.5 billion.

Medical Research Future Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (22 September 2015)	5.1	3.4	2.9	1.1
Seven years	5.4	3.5	3.2	1.1
Five years	6.5	3.9	2.7	1.5
Three years	7.3	5.4	2.8	1.3
2024–25 financial year	9.0	5.8	1.8	2.7

Note(s):

1. RBA cash rate + 1.5% to 2.0% per annum over the long term, with an acceptable but not excessive level of risk.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return

Portfolio exposures

Asset allocation at 30 June 2025

Asset class	\$m	% of Fund
Australian equities	1,071	4.4
Global equities		
Developed markets	2,347	9.6
Emerging markets	570	2.3
Private equity	1,144	4.7
Property	838	3.4
Infrastructure	1,333	5.4
Credit	4,610	18.8
Alternatives	3,314	13.5
Cash	9,267	37.8
Total	24,494	100.0

Asset class exposures at 30 June 2025

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	10
Consumer staples	5
Healthcare	8
Real estate	1
Financials	25
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	56
Multi-strategy	0
Venture and growth	43

Property

Sector	Exposure (%)
Industrial	42
Residential	21
Diversified	12
Retail	7
Office	10
Healthcare	2
Hospitality	4
Seniors Living	2

Infrastructure

Sector	Exposure (%)
Communications	51
Electricity, oil and gas	30
Airports	7
Transport	8
Water	4

Credit

Strategy	Exposure (%)
Private debt	21
Investment-grade corporate	14
Sub-investment-grade corporate	17
Mortgage-backed securities	17
Other securitised	14
Emerging markets debt	7
Cash and other	10

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure (%)	Credit (%)	Alternatives (%)
Australia	25	8	8	51	7	2
United States of America	44	65	47	28	55	55
Europe (ex-UK)	8	12	24	14	24	14
United Kingdom	2	7	12	4	4	3
Japan	4	1	3	1	0	5
Developed (other)	3	2	2	2	1	8
Emerging	13	5	5	1	9	14

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	43
United States of America	33
Europe (ex-UK)	9
United Kingdom	3
Japan	2
Developed (other)	4
Emerging	6

MRFF costs

Cost management

Our use of external investment managers, together with our commitment to a broadly diversified portfolio and breadth of investment classes, means that over time, our costs will generally be higher than those investors with less complex portfolios.

The commitment to genuine diversification is an important facet of our investment strategy and was beneficial to the Fund's overall performance in delivering strong returns, net of costs, while reducing volatility.

We are therefore more willing to pay higher fees where significant value is added over broad market exposure (such as private equity), or for exposures that are truly diversifying (such as hedge funds).

We continue to closely monitor costs in the asset classes in which we invest, reviewing the expected returns and costs of implementing the investment strategy on an ongoing basis.

In negotiating terms, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector and that provide for strong alignment between managers and our organisation.

Every decision we make in relation to the portfolio is considered having regard to the returns and risks, net of all costs. Equally, all returns we report are always net of all costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the MRFF.

The Fund's direct costs over the last three years are shown in the next table.

This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Changes in costs over the years reflect changes in the size of the MRFF, investment activity undertaken during the year, and the accrual and payment of performance fees.

Look-through costs

Investment management and performance fee costs incurred indirectly through investment vehicles or where the fund is part of a co-mingled group of funds, are reported as look-through costs.

The look-through costs are identified by making additional enquiries of managers of non-consolidated investment vehicles to estimate the underlying management and performance fees of these entities.

In providing this additional information, we seek to provide a full and complete indication of investment management and performance fee costs.

We note that these additional cost disclosures are based on unaudited estimates and derived using a variety of methodologies, particularly regarding performance fees that may become payable.

We employ a range of performance fee arrangements, which incorporate the use of high-water marks and claw-back provisions, to ensure as far as possible that performance fees reflect genuine outperformance over time.

It is important to note that most accrued performance fees are only paid on realisation of an investment, and therefore it is possible that not all accrued fees will ultimately be paid.

The additional look-through costs over the last three years are shown in the following tables.

Summary of direct costs and direct cost ratio

	2022–23	2023–24	2024–25
Direct costs	\$48.0 million	\$67.4 million	\$66.1 million
Direct cost ratio	0.222%	0.301%	0.278%

Summary of look-through costs

	2022–23	2023–24	2024–25
Look-through costs	1.19%	1.46%	1.96%

Direct costs for the MRFF in 2024–25 decreased due to a reduction in the deferred tax expense, offset by an increase in management, transaction and operational costs due to growth in the size of the Fund.

Increased indirect costs, or look-through costs, reflect the growth and stronger performance of the Fund for the year, resulting in an increase in management and performance fees.

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2022–23	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$48,306,168	\$54,054,443	\$59,164,483
Board remuneration and allowances	–	–	–
Agency remuneration and allowances	–	–	–
Consultants and advisers to the Board and Agency	–	–	–
Agency and portfolio operations	\$7,154,263	\$7,308,508	\$7,736,369

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Aboriginal and Torres Strait Islander Land and Sea Future Fund

Interpreting the Investment Mandate

The ATSILS Fund was established in February 2019 with a capital contribution of \$2.0 billion, transferred from the Aboriginal and Torres Strait Islander Land Account.

Following its establishment, the ATSILS Fund was in an initial transition phase from 1 February to 30 September 2019 while the Board developed a long-term investment strategy, which was achieved through a co-mingled arrangement with the MRFF. This co-mingled arrangement is described in the Statement of Investment Policies available on our website.

Measurement of the performance against the Investment Mandate commenced on 1 October 2019.

The Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate Direction 2019 requires the Future Fund Board to adopt a benchmark return of the CPI + 2.0% to 3.0% per annum, net of investment fees over the long term.

In determining an acceptable but not excessive level of risk for the ATSILS Fund, the Board notes that in the Mandate the Government acknowledges that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15% to 20% of the portfolio over a three-year period.

The Board has interpreted this statement as including the effect of the annual payments.

The Investment Mandate also notes that the Board must have regard to its obligations under section 17 of the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* to take all reasonable steps to ensure that the balance of the ATSILS Fund Special Account is sufficient to cover debits of amounts as set up under the Act.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

The Fund's Investment Mandate is available via our website.

Risk positioning

Our expected EEE range for the ATSILS Fund is 38 to 48.

At 30 June 2025, the EEE stood at 43, which is the middle of the range.

In accordance with our investment process, we aim to build a portfolio with a relatively high degree of resilience to the investment environment.

We seek genuine diversification that achieves balance in portfolio construction while allocating risk in a flexible and dynamic manner.

Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 17% of the total ATSILS Fund.

We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 4% of the ATSILS Fund to emerging market currencies at 30 June 2025.

We expect a diversified exposure to emerging market currencies to deliver a modest excess return through some combination of gradual real effective exchange rate appreciation and/or positive real interest rate differentials, relative to the Australian dollar. Given that we expect its performance to be uncorrelated with broad market risk over the long term, we consider our basket of emerging market currencies to be an attractive risk-adjusted exposure at the portfolio level.

Performance

Measurement of performance against the Investment Mandate commenced on 1 October 2019.

At 30 June 2025, the ATSILS Fund was valued at \$2.4 billion.

ATSILS Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (1 October 2019)	6.2	5.6	4.3	1.0
Five years	7.5	6.4	3.5	1.5
Three years	8.1	6.0	3.5	1.2
2024–25 financial year	10.3	4.1	2.4	2.6

Note(s):

1. CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk. It should be noted that, given the Fund's recent establishment, a long-term assessment of performance cannot yet be made.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return.

Portfolio exposures

Asset allocation at 30 June 2025¹

Asset class	\$m	% of Fund
Australian equities	136	5.6
Global equities		
Developed markets	327	13.4
Emerging markets	72	3.0
Private equity	145	6.0
Property	106	4.4
Infrastructure	169	6.9
Credit	507	20.8
Alternatives	421	17.3
Cash	552	22.7
Total	2,435	100.0

Note(s):

1. Exposures on a look-through basis.

Asset class exposures at 30 June 2025¹

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	10
Consumer staples	5
Healthcare	8
Real estate	1
Financials	25
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	56
Multi-strategy	0
Venture and growth	43

Property

Sector	Exposure (%)
Industrial	42
Residential	21
Diversified	12
Retail	7
Office	10
Healthcare	2
Hospitality	4
Seniors living	2

Infrastructure

Sector	Exposure (%)
Communications	51
Electricity, oil and gas	30
Airports	7
Transport	8
Water	4

Credit

Strategy	Exposure (%)
Private debt	21
Investment-grade corporate	14
Sub-investment-grade corporate	17
Mortgage-backed securities	17
Other securitised	14
Emerging markets debt	7
Cash and other	10

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Note(s):

1. Exposures on a look-through basis.

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure (%)	Credit (%)	Alternatives (%)
Australia	25	8	8	51	7	2
United States of America	44	65	47	28	55	55
Europe (ex-UK)	8	12	24	14	24	14
United Kingdom	2	7	12	4	4	3
Japan	4	1	3	1	0	5
Developed (other)	3	2	2	2	1	8
Emerging	13	5	5	1	9	14

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	25
United States of America	46
Europe (ex-UK)	14
United Kingdom	4
Japan	2
Developed (other)	2
Emerging	8

ATSILS Fund costs

Cost management

We closely monitor costs in the asset classes in which we invest and review the expected returns and costs of implementing the investment strategy on an ongoing basis.

In negotiating fee arrangements, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

All returns reported are net of costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the ATSILS Fund.

The Fund's direct costs over the last three years are shown in the following table. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Summary of direct costs and direct cost ratio

	2022–23	2023–24	2024–25
Direct costs	\$0.8 million	\$0.8 million	\$0.9 million
Direct cost ratio	0.037%	0.037%	0.036%

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2022–23	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$4,012,965	\$204,141	\$141,051
Board remuneration and allowances	–	–	–
Agency remuneration and allowances	–	–	–
Consultants and advisers to the Board and Agency	–	–	–
Agency and portfolio operations	\$635,010	\$649,721	\$697,912

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Future Drought Fund

Interpreting the Investment Mandate

The Future Drought Fund (FDF) was established in September 2019 with a capital contribution of \$4.0 billion, transferred from the Building Australia Fund.

Following its establishment, the FDF was in an initial transition phase from 1 September 2019 to 31 March 2020 while the Board developed a long-term investment strategy, which was achieved through a co-mingled arrangement with the MRFF. This co-mingled arrangement is described in the Statement of Investment Policies available on our website.

Measurement of the performance against the Investment Mandate commenced on 1 April 2020.

The Future Drought Fund Investment Mandate Direction 2019 requires the Future Fund Board to adopt a benchmark return of the CPI + 2.0% to 3.0% per annum, net of investment fees over the long term.

In determining an acceptable but not excessive level of risk for the FDF, the Board notes that in the Investment Mandate the Government acknowledges that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15% to 20% of the portfolio over a three-year period.

In constructing the portfolio, the Investment Mandate notes that the Board must have regard to its obligations under section 18 of the *Future Drought Fund Act 2019* to take all reasonable steps to ensure that the balance of the Future Drought Fund Special Account is sufficient to cover debits of amounts for the purposes specified in the Act.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

The Fund's Investment Mandate is available via our website.

Risk positioning

The Board manages the structural risk exposure of the Future Drought Fund such that there is a relatively high probability of exceeding the benchmark return on a prospective basis over the long term (noting the high level of uncertainty associated with any return forecast).

Our expected EEE range for the Future Drought Fund is 38 to 48.

At 30 June 2025, the EEE stood at 43, which is the middle of the range.

In accordance with our investment process, we aim to build a portfolio with a relatively high degree of resilience to the investment environment.

We seek genuine diversification that achieves balance in portfolio construction, while allocating risk in a flexible and dynamic manner.

Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio, rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 17% of the total Future Drought Fund.

We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 4% of the Future Drought Fund to emerging market currencies at 30 June 2025.

We expect a diversified exposure to emerging market currencies to deliver a modest excess return through some combination of gradual real effective exchange rate appreciation and/or positive real interest rate differentials relative to the Australian dollar.

Given that we expect its performance to be uncorrelated with broad market risk over the long term, we consider our basket of emerging market currencies to be an attractive risk-adjusted exposure at portfolio level.

Performance

Measurement of performance against the Investment Mandate commenced on 1 April 2020.

At 30 June 2025, the Future Drought Fund was valued at \$5.3 billion.

Future Drought Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (1 April 2020)	7.8	5.8	3.4	1.7
Five years	7.5	6.4	3.5	1.5
Three years	8.1	6.0	3.5	1.2
2024–25 financial year	10.3	4.1	2.4	2.6

Note(s):

1. CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk. It should be noted that, given the Fund's recent establishment, a long-term assessment of performance cannot yet be made.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return.

Portfolio exposures

Asset allocation at 30 June 2025¹

Asset class	\$m	% of Fund
Australian equities	297	5.6
Global equities		
Developed markets	714	13.4
Emerging markets	158	3.0
Private equity	317	6.0
Property	232	4.4
Infrastructure	369	6.9
Credit	1,107	20.8
Alternatives	919	17.3
Cash	1,210	22.7
Total	5,323	100.0

Note(s):

1. Exposures on a look-through basis.

Asset class exposures at 30 June 2025¹

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	10
Consumer staples	5
Healthcare	8
Real estate	1
Financials	25
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	56
Multi-strategy	0
Venture and growth	43

Property

Sector	Exposure (%)
Industrial	42
Residential	21
Diversified	12
Retail	7
Office	10
Healthcare	2
Hospitality	4
Seniors living	2

Infrastructure

Sector	Exposure (%)
Communications	51
Electricity, oil and gas	30
Airports	7
Transport	8
Water	4

Credit

Strategy	Exposure (%)
Private debt	21
Investment-grade corporate	14
Sub-investment-grade corporate	17
Mortgage-backed securities	17
Other securitised	14
Emerging markets debt	7
Cash and other	10

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Note(s):

1. Exposures on a look-through basis.

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure (%)	Credit (%)	Alternatives (%)
Australia	25	8	8	51	7	2
United States of America	44	65	47	28	55	55
Europe (ex-UK)	8	12	24	14	24	14
United Kingdom	2	7	12	4	4	3
Japan	4	1	3	1	0	5
Developed (other)	3	2	2	2	1	8
Emerging	13	5	5	1	9	14

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	25
United States of America	45
Europe (ex-UK)	14
United Kingdom	3
Japan	2
Developed (other)	2
Emerging	8

Future Drought Fund costs

Cost management

We closely monitor costs in the asset classes in which we invest and review the expected returns and costs of implementing the investment strategy on an ongoing basis.

When negotiating fee arrangements, we focus on securing arrangements that offer value-for-money for skill and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

All returns reported are net of costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the Future Drought Fund.

The Fund's direct costs over the last three years are shown in the following table. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Summary of direct costs and direct cost ratio

	2022–23	2023–24	2024–25
Direct costs	\$1.5 million	\$1.7 million	\$1.8 million
Direct cost ratio	0.034%	0.036%	0.035%

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2022–23	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$8,459,906	\$334,006	\$265,382
Board remuneration and allowances	–	–	–
Agency remuneration and allowances	–	–	–
Consultants and advisers to the Board and Agency	–	–	–
Agency and portfolio operations	\$1,376,377	\$1,412,293	\$1,523,358

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Disaster Ready Fund

Interpreting the Investment Mandate

The Disaster Ready Fund (DRF) was initially established as the Emergency Response Fund (ERF) upon commencement of the *Emergency Response Fund Act 2019* (ERF Act) in December 2019.

The Fund was initially established with a capital contribution of \$4.0 billion, transferred from the Education Investment Fund (EIF). The EIF was a successor to the Higher Education Endowment Fund.

On 1 March 2023, the ERF was renamed as the DRF upon commencement of the *Emergency Response Fund Amendment (Disaster Ready Fund) Act 2022* (DRF Amendment Act). The DRF Amendment Act renamed the ERF Act as the *Disaster Ready Fund Act 2019* (DRF Act) and allowed up to \$200 million per annum to be drawn from the DRF to fund natural disaster resilience and risk reduction from 2023–24 onwards.

Following its establishment, the Fund was in an initial transition phase from 12 December 2019 to 31 March 2020 while the Board developed a long-term investment strategy, which was achieved through a co-mingled arrangement with the MRFF. This co-mingled arrangement is described in the Statement of Investment Policies available on our website.

Measurement of performance against the Investment Mandate commenced on 1 April 2020.

The Disaster Ready Fund Investment Mandate Direction 2023 requires the Board to adopt a benchmark return of the CPI + 2.0% to 3.0% per annum, net of investment fees over the long term.

In determining an acceptable but not excessive level of risk for the DRF, the Board notes that in the Investment Mandate the Government acknowledges that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15% to 20% of the portfolio over a three-year period.

In constructing the portfolio, the Mandate notes that the Board must have regard to its obligations under section 17 of the *Disaster Ready Fund Act 2019* to take all reasonable steps to ensure that the balance of the Disaster Ready Fund Special Account is sufficient to cover debits of amounts for the purposes specified in the Act.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

The Fund's Investment Mandate is available via our website.

Risk positioning

The Board manages the structural risk exposure of the Disaster Ready Fund such that there is a relatively high probability of exceeding the benchmark return on a prospective basis over the long term (noting the high level of uncertainty associated with any return forecast).

Our expected EEE range for the Disaster Ready Fund is 38 to 48.

At 30 June 2025, the EEE stood at 43, which is the middle of the range.

In accordance with our investment process, we aim to build a portfolio with a relatively high degree of resilience to the investment environment.

We seek genuine diversification that achieves greater balance in portfolio construction, while allocating risk in a flexible and dynamic manner.

Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 17% of the total Disaster Ready Fund.

We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 4% of the Fund to emerging market currencies at 30 June 2025.

Performance

Measurement of performance against the Investment Mandate commenced on 1 April 2020.

At 30 June 2025, the Disaster Ready Fund was valued at \$4.9 billion.

Disaster Ready Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (1 April 2020)	7.8	5.8	3.4	1.7
Five years	7.5	6.4	3.5	1.5
Three years	8.1	6.0	3.5	1.2
2024–25 financial year	10.3	4.1	2.4	2.6

Note(s):

1. CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk. It should be noted that, given the Fund's recent establishment, a long-term assessment of performance cannot yet be made.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return.

Portfolio exposures

Asset allocation at 30 June 2025¹

Asset class	\$m	% of Fund
Australian equities	274	5.6
Global equities		
Developed markets	659	13.4
Emerging markets	146	3.0
Private equity	293	5.9
Property	215	4.4
Infrastructure	341	6.9
Credit	1,023	20.8
Alternatives	849	17.2
Cash	1,126	22.9
Total	4,926	100.0

Note(s):

1. Exposures on a look-through basis.

Asset class exposures at 30 June 2025¹

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	10
Consumer staples	5
Healthcare	8
Real estate	1
Financials	25
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	56
Multi-strategy	0
Venture and growth	43

Property

Sector	Exposure (%)
Industrial	42
Residential	21
Diversified	12
Retail	7
Office	10
Healthcare	2
Hospitality	4
Seniors living	2

Infrastructure

Sector	Exposure (%)
Communications	51
Electricity, oil and gas	30
Airports	7
Transport	8
Water	4

Credit

Strategy	Exposure (%)
Private debt	21
Investment-grade corporate	14
Sub-investment-grade corporate	17
Mortgage-backed securities	17
Other securitised	14
Emerging markets debt	7
Cash and other	10

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Note(s):

1. Exposures on a look-through basis.

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure (%)	Credit (%)	Alternatives (%)
Australia	25	8	8	51	7	2
United States of America	44	65	47	28	55	55
Europe (ex-UK)	8	12	24	14	24	14
United Kingdom	2	7	12	4	4	3
Japan	4	1	3	1	0	5
Developed (other)	3	2	2	2	1	8
Emerging	13	5	5	1	9	14

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	24
United States of America	44
Europe (ex-UK)	14
United Kingdom	3
Japan	2
Developed (other)	3
Emerging	9

Disaster Ready Fund costs

Cost management

We closely monitor costs in the asset classes in which we invest and review the expected returns and costs of implementing the investment strategy on an ongoing basis.

When negotiating fee arrangements, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

All returns reported are net of costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the Disaster Ready Fund.

The Fund's direct costs over the last three years are shown in the following table. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Summary of direct costs and direct cost ratio

	2022–23	2023–24	2024–25
Direct costs	\$1.6 million	\$1.7 million	\$1.84 million
Direct cost ratio	0.035%	0.039%	0.038%

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2022–23	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$8,667,699	\$713,996	\$368,722
Board remuneration and allowances	–	–	–
Agency remuneration and allowances	–	–	–
Consultants and advisers to the Board and Agency	–	–	–
Agency and portfolio operations	\$1,359,573	\$1,348,727	\$1,419,958

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Housing Australia Future Fund

Interpreting the Investment Mandate

The Housing Australia Future Fund (HAFF) was established with a capital contribution of \$10 billion in November 2023.

The HAFF was in an initial transition phase from 1 November 2023 to 30 June 2024 while the Board developed a long-term investment strategy, which was achieved through a co-mingled arrangement with the MRFF. This co-mingled arrangement is described in the Statement of Investment Policies available on our website.

Measurement of the performance against the Investment Mandate commenced on 1 July 2024.

The Housing Australia Future Fund Investment Mandate Direction 2023 requires the Board to adopt a benchmark return of the CPI + 2.0% to 3.0% annum, net of investment fees over the long term.

In determining an acceptable but not excessive level of risk for the HAFF, the Board notes that in the Investment Mandate the Government acknowledges that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15% to 20% of the portfolio over a three-year period.

In constructing the portfolio, the Investment Mandate notes that the Board must have regard to its obligations under section 15 of the *Housing Australia Future Fund Act 2023* to take all reasonable steps to ensure that the balance of the Housing Australia Future Fund Special Account is sufficient to cover debits of amounts for the purposes specified in the Act.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

The Fund's Investment Mandate is available via our website.

Risk positioning

The Board manages the structural risk exposure of the HAFF such that there is a relatively high probability of exceeding the benchmark return on a prospective basis over the long term (noting the high level of uncertainty associated with any return forecast).

The risk exposure of the HAFF increased through the year as the Board's investment strategy was implemented.

Our expected EEE range for the HAFF is 38 to 48.

At 30 June 2025, the EEE stood at 43, which is the middle of the range.

In accordance with our investment process, we aim to build a portfolio with a relatively high degree of resilience to the investment environment.

We seek genuine diversification that achieves greater balance in portfolio construction, while allocating risk in a flexible and dynamic manner.

Currency

We explicitly manage the size and composition of the foreign currency exposures in the portfolio rather than allowing them to be shaped by our underlying investments.

At 30 June 2025, we held an exposure to foreign developed market currencies equivalent to 17% of the total HAFF.

We expect our basket of developed market currencies to diversify the portfolio against broad market risk and generate liquidity in adverse conditions.

We also held an exposure of 4% of the Fund to emerging market currencies at 30 June 2025.

We expect a diversified exposure to emerging market currencies to deliver a modest excess return through some combination of gradual real effective exchange rate appreciation and/or positive real interest rate differentials relative to the Australian dollar.

Given that we expect its performance to be uncorrelated with broad market risk over the long term, we consider our basket of emerging market currencies to be an attractive risk-adjusted exposure at portfolio level.

Performance

Measurement of performance against the Investment Mandate commenced on 1 July 2024.

At 30 June 2025, the Housing Australia Future Fund was valued at \$10.9 billion.

Housing Australia Future Fund returns, target benchmarks and levels of risk at 30 June 2025

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)	Sharpe ratio ³
Since inception (1 November 2023)	8.4	4.2	2.2	3.3
2024–25 financial year	10.0	4.1	2.4	2.4

Note(s):

1. CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk. It should be noted that, given the Fund's recent establishment, a long-term assessment of performance cannot yet be made.
2. Volatility is an industry measure showing the level of realised volatility in the portfolio.
3. Sharpe ratio is a measure of the risk-adjusted return.

Portfolio exposures

Asset allocation at 30 June 2025¹

Asset class	\$m	% of Fund
Australian equities	608	5.6
Global equities		
Developed markets	1,463	13.4
Emerging markets	324	3.0
Private equity	650	5.9
Property	476	4.4
Infrastructure	757	6.9
Credit	2,270	20.8
Alternatives	1,883	17.2
Cash	2,496	22.8
Total	10,928	100.0

Note(s):

1. Exposures on a look-through basis.

Asset class exposures at 30 June 2025¹

Listed equities

Sector	Exposure (%)
Energy	3
Materials	7
Industrials	11
Consumer discretionary	10
Consumer staples	5
Healthcare	8
Real estate	1
Financials	25
Information technology	21
Communication services	8
Utilities	2

Private equity

Strategy	Exposure (%)
Buyout	56
Multi-strategy	0
Venture and growth	43

Property

Sector	Exposure (%)
Industrial	42
Residential	21
Diversified	12
Retail	7
Office	10
Healthcare	2
Hospitality	4
Seniors living	2

Infrastructure

Sector	Exposure (%)
Communications	51
Electricity, oil and gas	30
Airports	7
Transport	8
Water	4

Credit

Strategy	Exposure (%)
Private debt	21
Investment-grade corporate	14
Sub-investment-grade corporate	17
Mortgage-backed securities	17
Other securitised	14
Emerging markets debt	7
Cash and other	10

Alternatives

Strategy	Exposure (%)
Diversifying	19
High beta	0
Low beta – directional	5
Low beta – relative value	72
Reinsurance	3

Note(s):

1. Exposures on a look-through basis.

Asset class exposures by geography at 30 June 2025

Region	Listed equities (%)	Private equity (%)	Property (%)	Infrastructure (%)	Credit (%)	Alternatives (%)
Australia	25	8	8	51	7	2
United States of America	44	65	47	28	55	55
Europe (ex-UK)	8	12	24	14	24	14
United Kingdom	2	7	12	4	4	3
Japan	4	1	3	1	0	5
Developed (other)	3	2	2	2	1	8
Emerging	13	5	5	1	9	14

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	24
United States of America	44
Europe (ex-UK)	14
United Kingdom	3
Japan	2
Developed (other)	3
Emerging	9

Housing Australia Future Fund costs

Cost management

We closely monitor costs in the asset classes in which we invest and review the expected returns and costs of implementing the investment strategy on an ongoing basis.

When negotiating fee arrangements, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

All returns reported are net of costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the HAFF.

The Fund's direct costs over the last two years are shown in the following table. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Summary of direct costs and direct cost ratio

	2023–24	2024–25
Direct costs	\$2.1 million	\$21.5 million
Direct cost ratio	0.031%	0.199%

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

Purpose	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$978,450	\$695,623
Board remuneration and allowances	–	–
Agency remuneration and allowances	–	–
Consultants and advisers to the Board and Agency	–	–
Agency and portfolio operations	\$518,526	\$2,965,345

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

DisabilityCare Australia Fund

Interpreting the Investment Mandate

The DisabilityCare Australia Fund (DCAF) was established in July 2014 with a capital contribution of \$19.2 billion.

The DisabilityCare Australia Fund Investment Mandate Direction 2014 requires the Board to:

- Adopt a benchmark return on the Fund of the Australian three-month bank bill swap rate + 0.3% per annum, calculated on a rolling 12-month net-of-fee basis
- Invest in such a way as to minimise the probability of capital losses over a 12-month horizon.

As the Board pursues the Investment Mandate, it is also required to conduct itself in a manner that:

- Minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets
- Is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

The Investment Mandate also specifies that the responsible Ministers may review the Directions, in consultation with the Board, including after any request by the Board in the context of any material changes to either the prevailing investment conditions or the cash flow position of the Fund.

The Fund's Investment Mandate is available via our website.

Risk positioning

We are required to invest the assets of the Fund in such a way as to pursue the benchmark return, while minimising the probability of capital losses over a 12-month horizon.

We continue to focus on maintaining additional liquidity to help manage transaction costs and the timing of cash flows as they are confirmed.

Performance

In 2024–25, the DCAF generated an annual investment return of 5.1% per annum, against its benchmark target return of 4.7%.

The value of the Fund was \$17.7 billion at 30 June 2025.

The DCAF has a low-risk Investment Mandate and is invested in cash, bank deposits and high-rated corporate and securitised credit.

Looking forward, we remain confident the Fund's strategy is prudent and appropriate for the Investment Mandate.

Over time we expect the current positioning of the DCAF will deliver higher returns and be well placed to meet its Mandate, despite modestly higher volatility and lower liquidity.

Portfolio exposures

Asset allocation at 30 June 2025

Credit

Strategy	Exposure (%)
Private debt	0
Investment-grade corporate	18
Sub-investment-grade corporate	0
Mortgage-backed securities	19
Other securitised	4
Emerging markets debt	0
Cash and other	60

Physical investments by geography at 30 June 2025

Region	Total exposure (%)
Australia	76
United States of America	12
Europe (ex UK)	5
United Kingdom	2
Japan	1
Developed (other)	4
Emerging	0

DisabilityCare Australia Fund costs

Cost management

We continue to closely monitor costs in the asset classes in which we invest, reviewing the expected returns and costs of implementing the investment strategy on an ongoing basis.

When negotiating fee arrangements, we focus on securing arrangements that offer value-for-money for the skills and resources that are applied, that are competitive relative to other managers in the sector, and that provide for strong alignment between managers and our organisation.

All returns reported are net of costs.

Direct costs

Direct costs reflect all directly incurred costs associated with the management of the DCAF.

The DCAF's direct costs over the last three years are shown below. This includes the direct cost ratio (direct costs divided by the average net assets for the financial year).

Changes in costs over the years reflect changes in the size of the Fund and the investment activity undertaken during the year.

Summary of direct costs and direct cost ratio

	2022–23	2023–24	2024–25
Direct costs	\$14.5 million	\$18.7 million	\$19.2 million
Direct cost ratio	0.095%	0.110%	0.099%

Cost disclosures under section 81 of the *Future Fund Act 2006*

Under its statutory arrangements, the Board also reports costs in accordance with section 81 of the *Future Fund Act 2006*.

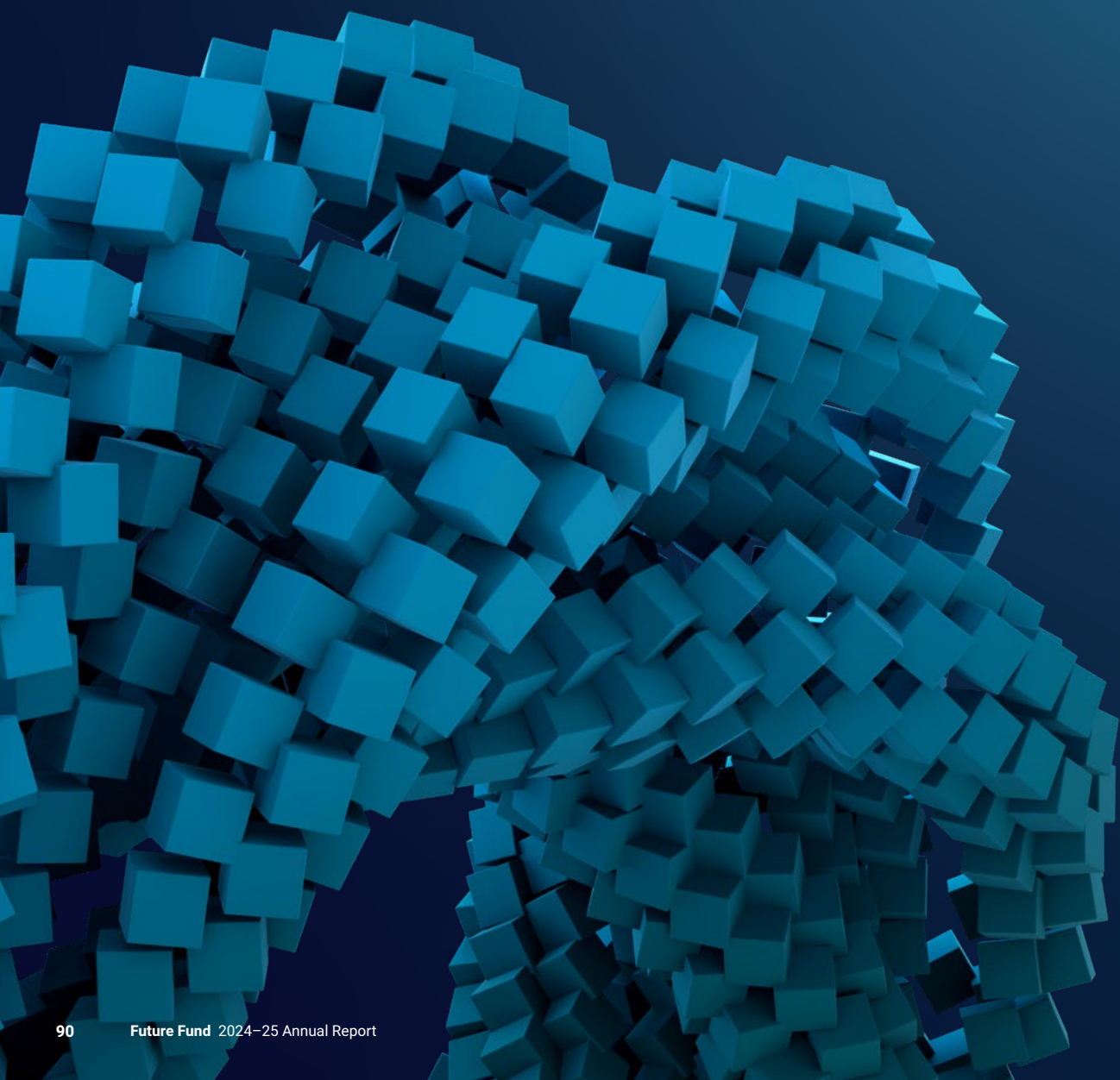
Purpose	Amount debited 2022–23	Amount debited 2023–24	Amount debited 2024–25
Contracts with investment managers	\$17,168,564	\$17,462,362	\$15,047,940
Board remuneration and allowances	–	–	–
Agency remuneration and allowances	–	–	–
Consultants and advisers to the Board and Agency	–	–	–
Agency and portfolio operations	\$1,153,156	\$1,274,157	\$1,466,994

Note(s):

All costs reported under section 81 of the *Future Fund Act 2006* are reported on a cash basis, whereas the direct costs in the above table include accruals.

Our people and culture

The Future Fund is a purpose-driven organisation: we invest for the benefit of future generations of Australians. This purpose guides our decisions and directs our strategies and resources. This purpose is often why our people join us, why they choose to stay and why they perform at their best.



Working at the Future Fund

The value our work adds to the funds we manage continues to strengthen the Australian Government's long-term financial position. It supports medical research, assists Indigenous Australians, supports drought resilience and communities impacted by natural disaster, provides funding for social and affordable housing, and helps fund Australia's National Disability Insurance Scheme.

Our people are driven to do their best work, support their colleagues and contribute to the future success of both our organisation and the country.

Our organisation is committed to:

- An inclusive workplace that embraces individual differences
- A workplace free from discriminatory behaviours and business practices
- Equitable frameworks and policies, processes and practices that protect against potential unconscious bias
- Building a sense of psychological safety within our teams
- Responsiveness to the needs identified by our people as we engage on matters of diversity and inclusion
- Equal employment and promotion opportunities based on capability and performance
- Awareness of the different needs of employees
- The provision of flexible work practices and policies to support employees
- Attracting and retaining a diverse range of talented people.

The Future Fund Way

Since our inception, a collection of simple, fundamentally important notions has underpinned our culture and formed the basis of the Future Fund Way.

- We engage with one another respectfully
- Each role in the organisation is equally as important as all others
- The investment performance of the Future Fund is a common and singular goal for the whole organisation
- Everyone works together collaboratively to achieve that goal.

The Future Fund Way builds on this cultural ideology and is underpinned by two foundational principles, which help ensure we are all heading in the same direction.

The first principle is **One team, One purpose**.

This phrase pervades everything we do. It helps hone our resources and concentrates our activity on what is most valuable overall.

It means our goals are aligned across teams, we work hard to avoid silos, and we never pull in different directions or work against one another.

The second principle is **Investment performance is our focus**.

This simple phrase is our north star. It is the lens through which we make our strategic, investment and operational deliberations and decisions, and it directs our collective focus and attention towards achieving our legislated mandates and our purpose.

One team,
One purpose

Investment
performance
is our focus

The Future Fund Way



There are also five keys to our culture, that collectively define and describe how we unlock our full potential. Four actions are supported by a fifth key that underpins how we behave and interact with one another:

1. Collaborate

We work together, across teams, to get things done.

We share our knowledge and skills.

We cannot operate to our full potential – individually or collectively – without the perspective and input from our colleagues.

2. Facilitate

We help our colleagues achieve success; their success is our success.

We are encouraged to offer help proactively and to be open to receiving help.

3. Innovate

We try new things, take risks where appropriate and question when necessary.

We are never satisfied with the status quo.

We are prepared to do things differently.

We are comfortable with failure and celebrate it as a learning opportunity.

4. Deliberate

We invest on behalf of all Australians.

We welcome scrutiny and conduct ourselves in a manner that is befitting of the responsibility bestowed on us.

We make decisions with this responsibility in mind so we can present them with confidence.

To deliberate means that once we've made a decision, we pause to consider whether we have factored in every reasonable angle, consequence, risk and option.

These actions are supported by a fifth key:

5. Inclusion

We know that being truly inclusive as an organisation can give us a competitive edge.

Our people are part of a culture where everyone feels welcome to speak up and to contribute – a culture that values and benefits from a diverse range of perspectives and insights that will help shape our organisation and drive superior performance over the long term.

Inclusion creates a sense of belonging and purpose, and it enhances innovation and productivity.

Investing in our people and culture

Beyond risk-managed financial returns, we measure our success by the strength of our organisation and our people.

The high calibre of our workforce is testament to a well-defined employee value proposition and a positive, engaging work environment.

We are intentional about cultivating a collaborative, high-performing culture in support of our joined-up, whole-of-portfolio approach to investing.

The Future Fund Academy

The Future Fund Academy plays a critical role in ensuring a sustained focus on our people's investment, personal and leadership development journeys.

It supports our objective of keeping our people working at the edge of their performance abilities – to encourage learning and ensure we continue to deliver on our investment mandates.

Our people are empowered to control their own development, supported by their direct manager and the Academy. This includes detailed professional development planning, coaching, and access to best-in-class external learning content.

In 2024–25, the Academy delivered 43 professional development and learning programs. These included:

- 23 new-starter orientation sessions
- Five leadership programs
- Five investment management programs including training in our investment framework, fund manager selection, and decision quality
- 10 essential skills programs.

The Academy continued to deliver its key leadership development programs, including the annual development day for the organisation's leaders, as well as in-house programs for people leaders and emerging talent.

Good Decisions Program

Making high-quality decisions is crucial for any investment organisation. To support this the Future Fund Academy established the Good Decisions Program.

This ongoing capability is supported by industry experts and aims to continue to improve the processes of how the organisation makes decisions, as well as to hone individual decision-making skills.

Professional growth opportunities

We create opportunities for professional growth through exposure to good leaders, best practices, and opportunities to challenge ourselves.

We offer a range of opportunities for our people to expand skillsets beyond direct roles, including:

- The **Growth Fund** – a dedicated pool of funding supporting our people to define development goals and access necessary external development opportunities.
- An **Investment Research Squads Framework** – a collaborative model aligning research outcomes with organisational priorities and fostering cross-team engagement, accountability and innovation.
- **Secondments** – support for high-performing staff to take on secondments within the Agency and with external investment managers.

Secondment program

Throughout 2024–25 the Agency facilitated 15 secondments: 14 internal and one external.

Each carefully aligned to individual aspirations and organisational requirements.

Secondments foster cross-team collaboration, build networks and bring fresh perspectives into the Agency.

Two secondments in action this year were:

- A strategist from Dynamic Asset Allocation joined one of our UK investment managers for three months, gaining invaluable exposure to a different organisational culture and fund manager operations.
- A member of our Property Team spent 12 months within the Chief Investment Officer's office, where they worked to strengthen investment governance, improve how we deliver complex transactions and analysed the evolving diversity, equity, inclusion and belonging (DEIB) landscape and its implications on manager due diligence.

Future Investors Internship Program

To support a strong and diverse pipeline of talent, we expanded our Future Investors Internship Program in its second year.

The program is a four-week winter internship for undergraduate students, bridging the gap between academia and real-world practice.

We expanded the program from our Investment Team to enabling functions across the organisation in both our Sydney and Melbourne offices. Fourteen interns joined across the Investment, Investment Data Management, Investment Technology, Enterprise Risk, Performance and Analytics, Change Management and Project Services Teams – the interns worked closely with their managers to complete a project or piece of work that had real impact on their team.

They also attended Academy-facilitated workshops building key skills in business communications and presenting.

For two of the intern placements this year, we partnered with the Aurora Education Foundation, an Indigenous organisation that supports Aboriginal and Torres Strait Islander students to realise their full education and employment potential. Their internship program supports the development of practical skills, real-world career experience and building professional networks at organisations working to support Aboriginal and Torres Strait Islander communities.

Talent acquisition

The labour market remains highly competitive in the financial services sector.

In the face of an uncertain, complex investment and geopolitical environment, it is more important than ever that we hire the right investment professionals and enabling functions staff for our purpose-driven organisation.

This year the employee headcount rose from 305 at 30 June 2024 to 375 at 30 June 2025. This growth serves our business strategy and investment mandates and aligns with the Government's goal to bring in-house capability to the Australian Public Service (APS).

This growth is supported by our organisational employee value proposition (EVP). Summarised as 'We are Future-minded', this statement sums up who we are, our values and the experience of working at the Future Fund.

The EVP is increasingly recognised within the labour market as a point of difference, and we continued to embed it in our people processes.

Flexible working

We recognise that flexible working is a key part of attracting, developing and retaining high-quality people in a competitive market.

We continue to optimise our flexible working policy and model.

- Our hybrid work policy sees staff work from the office a minimum of three days per week. This enables a balance, where possible, between the needs of the organisation and individual flexibility.
- Our people leaders are supported in managing teams that work flexibly and in understanding the health and safety implications of remote working.
- Staff have access to formal flexible work arrangements, including carer's leave and the ability to purchase additional leave.
- Staff now benefit from enhanced leave entitlements following adoption of the APS's Common Conditions. Key improvements include access to cultural and First Nations employees leave, increased personal/carer's leave and expanded paid parental leave.

APS Census

The Employee Census is the Australian Public Service's (APS) annual workforce survey.

Participation in the 2024 Census increased to 78% as our people shared their views on how we work, leadership, capability and wellbeing.

A score of 82% on the Employee Engagement Index places the Agency sixth of 104 organisations across the APS.

The Agency ranked tenth of 104 organisations on the Enabling Innovation Index, reflecting a culture that enables our people to feel willing and able to be innovative.

We use the Census insights to inform an action plan that focuses on creating an enriched and enabled workplace for our people.

Diversity, equity, inclusion and belonging

We continue to strengthen our commitment to DEIB.

A proven, measurable relationship exists between DEIB and performance, so this commitment is aligned with better long-term investment outcomes.

This inclusive culture nurtures high-performing and diverse-thinking teams with members who can bring their authentic selves to work.

Our inclusive culture is supported by ongoing intentional actions including:

- Recognising the value and importance of cognitive diversity and curiosity by inviting and embracing a broad range of views and encouraging greater creativity and innovation
- Facilitating healthy deliberation and more thoughtful decision-making
- Ensuring we provide our people with a work environment that inspires and challenges them to do their best work and to be themselves, and to support others in the same way
- Championing inclusive leadership practices and providing opportunities for our leaders to better understand how important and influential they are in improving the inclusiveness of our workplace
- Maintaining established relationships with organisations that are centred around an aspect of DEIB. These organisations include Diversity Council Australia, Women in Banking and Finance, Pride in Diversity and Out Investors LGBTQIA+ network.

We established a 12-member Inclusion Council, chaired by our CEO. The Council aims to offer ongoing thought leadership that integrates DEIB into Agency structures, processes and systems.

Affinity Networks

Affinity Networks are voluntary forums for our people to collaborate on matters that align with a shared identity, purpose or common interest.

The Agency has Affinity Networks focused on gender diversity (Gender Affinity Network) and the LGBTQIA+ community (Beacon).

This year we also established a new Affinity Network, Thrive, which focuses on mental health and wellbeing.

The Networks offer opportunities for our people to contribute to our DEIB strategy, be a voice for staff from underrepresented groups, and to share individual lived experiences as they relate to our collective DEIB journey.

Workplace, health and safety

We are dedicated to providing a safe and healthy workplace for all staff and visitors to our offices – a foundation that enables our teams to perform at their best and supports the delivery of our long-term Investment Mandate.

Staff wellbeing safeguards are well established at the outset of employment. All new staff participate in health, safety, and wellbeing training as part of their induction, with an annual refresher training provided to all employees.

In 2024–25 we undertook a comprehensive review of our workplace, health and safety (WHS) practices to ensure ongoing compliance with our legislative obligations. This review identified a number of enhancements to strengthen our WHS framework, and we are working to implement these recommendations so that our practices evolve from being compliant to best practice.

Psychological safety

As part of our WHS review, we also focused on psychological safety as a key aspect of employee wellbeing. To support this, we completed a psychological safety risk assessment in alignment with our Risk Management Plan and in accordance with our obligations under the *Work Health Safety Act 2013*.

We continue to be committed to creating an environment where staff feel confident to speak up, share ideas and raise concerns without fear of judgement or reprisal.

By embedding psychological safety in our culture, we foster curiosity, innovation, accountability, continuous learning and open dialogue across the organisation.

To further strengthen this commitment, we delivered tailored training to all staff, people leaders, and the Senior Leadership Team.

These bespoke programs ensure that everyone understands their role in sustaining a safe, inclusive, and supportive workplace with psychological safety at its core.

Mental wellbeing

The Agency prioritises the mental health and wellbeing of all employees, recognising the inherent complexity and unique demands with managing and supporting significant investment mandates.

We provide a dedicated Employee Assistance Program, and a wellbeing portal that offers resources and programs to help staff build practical skills for managing stress and maintaining mental health.

We also recognise that leadership plays a critical role in promoting positive workplace wellbeing.

Over the year, we engaged with leaders across the Agency to reinforce the importance of mental wellbeing and encourage open conversations about mental health. This includes ongoing communications and targeted sessions, helping to create an environment where support for mental wellbeing is visible and actively championed at all levels.

Additionally, in 2024–25 we invited nominations from staff interested in becoming mental health first aiders and facilitated training.

Through this initiative, participating employees received accredited Mental Health First Aid training, equipping them with the skills and confidence to provide initial support to colleagues who may be experiencing mental health challenges. This program helps to foster a supportive peer-to-peer network and reinforces our commitment to building a caring and responsive work environment.

Our workforce

Our workforce at 30 June 2025 was comprised of 375 staff. This includes 14 winter interns who were with the organisation from 16 June until 25 July 2025.

During the year we welcomed 81 new permanent staff during 2024–25: 16 replacements for existing roles and 65 new roles.

We made 29 internal promotions (including advancements) and 14 internal secondments.

Headcount by business area at 30 June 2025

Investment	116
Investment and Business Operations	184
Other	75
Total	375

Note(s):

Other includes CEO's Office; People, Culture and Inclusion; Legal and Risk; Board Secretariat; and Corporate Affairs.

Absenteeism rate (%) over time

2022–23	2.1
2023–24	2.1
2024–25	2.1

Turnover rate (%) over time

2022–23	11.8
2023–24	11.8
2024–25	12.8

Management of human resources: reporting under the *Public Governance Performance and Accountability Act 2013* (PGPA Act)

All ongoing employees – current report period (2024–25)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	11	0	11	16	2	18	0	0	0	0	0	0	0	0	0	29
QLD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIC	158	2	160	140	18	158	0	0	0	2	0	2	0	0	0	320
WA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	169	2	171	156	20	176	0	0	0	2	0	2	0	0	0	349

All non-ongoing employees – current report period (2024–25)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	3	1	4	2	0	2	0	0	0	0	0	0	0	0	0	6
QLD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIC	9	0	9	11	0	11	0	0	0	0	0	0	0	0	0	20
WA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	12	0	13	13	0	13	0	0	0	0	0	0	0	0	0	26

All ongoing employees – previous report period (2023–24)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	7	0	7	11	1	12	0	0	0	0	0	0	0	0	0	19
QLD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIC	128	1	129	125	3	128	0	0	0	2	0	2	0	0	0	259
WA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	135	1	136	136	4	140	0	0	0	2	0	2	0	0	0	278

All non-ongoing employees – previous report period (2023–24)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIC	6	0	6	20	1	21	0	0	0	0	0	0	0	0	0	27
WA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	0	6	20	1	21	0	0	0	0	0	0	0	0	0	27

Australian Public Service Act ongoing employees – current report period (2024–25)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
SES 2	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	28	1	29	20	0	20	0	0	0	0	0	0	0	0	0	49
EL 1	29	1	30	19	6	25	0	0	0	0	0	0	0	0	0	55
APS 6	65	0	65	49	5	54	0	0	0	1	0	1	0	0	0	120
APS 5	38	0	38	37	2	39	0	0	0	1	0	1	0	0	0	78
APS 4	6	0	6	31	7	38	0	0	0	0	0	0	0	0	0	44
APS 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	169	2	171	156	20	176	0	0	0	2	0	2	0	0	0	349

Australian Public Service Act non-ongoing employees – current report period (2024–25)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1
APS 6	2	0	2	1	0	1	0	0	0	0	0	0	0	0	0	3
APS 5	3	0	3	0	0	0	0	0	0	0	0	0	0	0	0	3
APS 4	1	0	1	4	0	4	0	0	0	0	0	0	0	0	0	5
APS 3	6	0	6	8	0	8	0	0	0	0	0	0	0	0	0	14
APS 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	12	1	13	13	0	13	0	0	0	0	0	0	0	0	0	26

Australian Public Service Act ongoing employees – previous report period (2023–24)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
SES 2	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	28	1	29	14	0	14	0	0	0	0	0	0	0	0	0	43
EL 1	24	0	24	24	1	25	0	0	0	0	0	0	0	0	0	49
APS 6	40	0	40	40	2	42	0	0	0	1	0	1	0	0	0	83
APS 5	28	0	28	32	0	32	0	0	0	1	0	1	0	0	0	61
APS 4	12	0	12	25	1	26	0	0	0	0	0	0	0	0	0	38
APS 3	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	135	1	136	136	4	140	0	0	0	2	0	2	0	0	0	278

Australian Public Service Act non-ongoing employees – previous report period (2023–24)

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1
EL 1	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	2
APS 6	0	0	0	4	0	4	0	0	0	0	0	0	0	0	0	4
APS 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 4	0	0	0	8	0	8	0	0	0	0	0	0	0	0	0	8
APS 3	5	0	5	7	0	7	0	0	0	0	0	0	0	0	0	12
APS 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	0	6	20	1	21	0	0	0	0	0	0	0	0	0	27

Australian Public Service Act employees by full-time and part-time status – current report period (2024–25)

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	0	0	2
SES 1	0	0	0	0	0	0	0
EL 2	48	1	49	0	0	0	49
EL 1	48	7	55	0	1	1	56
APS 6	115	5	120	3	0	3	123
APS 5	76	2	78	3	0	3	81
APS 4	37	7	44	5	0	5	49
APS 3	0	0	0	14	0	14	14
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	327	22	349	25	1	26	375

Australian Public Service Act employees by full-time and part-time status – previous report period (2023–24)

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	0	0	2
SES 1	0	0	0	0	0	0	0
EL 2	42	1	43	0	1	1	44
EL 1	48	1	49	2	0	2	51
APS 6	81	2	83	4	0	4	87
APS 5	61	0	61	0	0	0	61
APS 4	37	1	38	8	0	8	46
APS 3	1	0	1	12	0	12	13
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	273	5	278	26	1	27	305

Australian Public Service Act employment type by location – current report period (2024–25)

	Ongoing	Non-ongoing	Total
NSW	29	6	35
QLD	0	0	0
SA	0	0	0
TAS	0	0	0
VIC	320	20	340
WA	0	0	0
ACT	0	0	0
NT	0	0	0
External territories	0	0	0
Overseas	0	0	0
Total	26	349	375

Australian Public Service Act employment type by location – previous report period (2023–24)

	Ongoing	Non-ongoing	Total
NSW	19	0	19
QLD	0	0	0
SA	0	0	0
TAS	0	0	0
VIC	259	27	286
WA	0	0	0
ACT	0	0	0
NT	0	0	0
External territories	0	0	0
Overseas	0	0	0
Total	278	27	305

Australian Public Service Act Indigenous employment – current report period (2024–25)

	Total
Ongoing	0
Non-ongoing	1
Total	1

Australian Public Service Act Indigenous employment – previous report period (2023–24)

	Total
Ongoing	0
Non-ongoing	0
Total	0

Australian Public Service Act employment arrangements – current report period (2024–25)

	SES	Non-SES	Total
Individual employment contract	3	372	375
Total	3	372	375

Remuneration report

Remuneration strategy

Remuneration for all Agency staff, including members of the Agency's SLT, is consistent with the Public Sector Workplace Relations Policy 2023 (the Workplace Relations Policy) and relevant determinations of the APS Commissioner.

All employees, including Senior Executive Service (SES) and non-SES, operate on individual employment contracts.

While Agency remuneration arrangements are determined by the Chair, as Head and Accountable Authority of the Agency, consultation with the Board on Agency staff remuneration and reward is facilitated through the Board's People, Remuneration and Culture Committee (previously known as the Remuneration and Nominations Committee).

Remuneration strategy review

This year the People, Remuneration and Culture Committee and the People, Culture and Inclusion Team undertook a comprehensive review of the Agency's remuneration strategy, governance and frameworks to ensure they continue to align with our organisational purpose, ability to generate strong long-term risk adjusted returns and support the Agency's ability to attract, retain, and motivate talented staff to deliver on our Investment Mandate.

This assessment compared our internal practices with external market standards, while also considering relevant requirements of the Commonwealth and the views of the Board.

The review concluded that the overall remuneration strategy continued to be fit for purpose, while identifying opportunities to apply enhancements in some areas. These enhancements will ensure our people continue to be appropriately and equitably rewarded for their contribution to the success of the Future Fund and the other funds that the Agency manages.

The key changes and enhancements that the People, Remuneration and Culture Committee approved will apply from the 2025–26 financial year and include:

- Expanding returns-based performance metrics from measuring just the Future Fund to measuring a Composite Index made up of all the relevant funds that the Agency manages
- Minor changes to Performance and Values rating labels to reflect the increasing sophistication with which we assess individual and organisational performance, and adherence to values
- Inclusion of a secondary Reference Portfolio metric in the annual variable pay component that will be assessed in periods where CPI, outside of the Agency's control, is high for long periods of time
- Further enhancing rigour and accountability in goal and key performance indicator setting and end-of-year assessment and calibration processes
- Some changes to the long-term variable pay component, including a shorter performance period that better reflects the balance of long-term performance and retention of key staff, and replacement of the SuperRatings hurdle with a hurdle referenced to the Agency's Investment Mandate (achievements relative to the CPI).

A new suite of remuneration-related policies have also been developed to support the new remuneration strategy and frameworks.

All changes made as a result of the remuneration strategy review are effective from 2025–26 onwards and did not impact the 2024–25 cycle as the current year was finalised under the existing arrangements.

Fixed pay

All Agency staff members are paid fixed pay, inclusive of superannuation, commensurate with their role, classification, skills and experience. Fixed pay is set with reference to the investment and professional talent markets from which the Agency sources skilled employees.

Fixed pay for non-SES staff is referenced to salary scales that were agreed upon with the Australian Public Service Commission in 2020 and indexed each year since.

In 2024–25, fixed pay salary scales were increased by 3.8% in March 2025 in accordance with the Workplace Relations Policy and on-foot APS sector-wide bargaining agreements and were also increased by 0.5% in July 2024 to take account of the Superannuation Guarantee increase.

The CEO’s fixed pay increased in 2024–25 in line with the APS increase applied to all other Agency staff, and the Head of the Agency, in consultation with the Board of Guardians, approved an additional 2% increase for the CEO based on a review of the broader market and supporting benchmarking.

Annual variable pay

In addition to fixed pay, ongoing staff can earn a variable pay component, which is based on both personal performance (individual performance component) and investment performance (fund performance component).

The mix of variable pay based on individual performance and variable pay based on investment performance depends on the individual’s role, with investment performance a higher component of variable pay for investment staff.

All staff have some exposure to investment performance in their variable pay arrangements, which serves to focus and align all employees on the singular pursuit of the Board’s mandated investment objectives.

Each element of annual variable pay is explained in the following table.

Annual variable pay components

Component	Basis	Details
Individual performance component	Variable pay based on individual performance	Variable pay based on individual performance reflects achievement of key performance indicators (goals) set for each employee, and the extent to which each employees meets the Agency’s values, risk and conduct expectations. Each individual’s goals align to the organisation’s business plan priorities.
Fund performance component	Variable pay based on fund performance	Variable pay based on fund performance reflects the performance of the Future Fund (Composite Index from 2025 to 2026 onwards) over rolling three-year periods and is determined once performance results are audited and confirmed. Fund performance over the rolling three-year period is calculated as an average of the fund performance across the three years, relative to the CPI.

Long-term variable pay

The Agency applies a long-term variable pay component for a small number of senior investment leaders as the cohort most able to influence the performance of the Future Fund and whose roles require them to take the longest view of the Fund's investment strategies and performance.

From 2025–26 onwards, senior enabling functions leaders may be considered for inclusion in the long-term variable pay component on a targeted critical role retention basis.

The purpose of the long-term variable pay component is to:

- Align a portion of senior leader pay with the long-term outperformance of the Future Fund (Composite Index from 2025 to 2026 awards onwards)
- Ensure that there are appropriate mechanisms in the Agency's remuneration framework to apply remuneration adjustments (including to zero), in the event of misconduct
- Defer a portion of senior leader remuneration over the longer term, in line with other similar financial services organisations.

The long-term variable pay component is in addition to the annual variable pay component and is measured over rolling five-year performance periods (four-year periods from 2025–26 onwards).

The award is provided in cash, which is only payable at the conclusion of each performance period subject to the following performance conditions being met:

Gateway conditions before performance conditions are assessed

1. Future Fund (Composite Index from 2025–26 awards onwards) positive absolute return (adjusted for any contributions by or distributions to the Commonwealth) over the five-year performance period for 2024–25 grants (four-year performance period from 2025–26 awards onwards).
2. An individual performance rating equivalent to 'exceeding' in the year prior to vesting. For awards made in 2025 to 2026 onwards, this gate will include a requirement to also be meeting the Agency's values expectations.

Performance conditions to determine vesting of long-term variable pay

1. Future Fund outperformance against a reference portfolio to measure the success of the investment strategy (Composite Index from 2025 to 2026 awards onwards).
2. For awards made in 2024–25, Future Fund outperformance against an appropriate and externally validated Australian superannuation performance index, currently the SuperRatings 25 Conservative Balanced Index. For awards made in 2025–26 onwards, this performance condition will be replaced by a metric that assesses Composite Index performance against a CPI hurdle referenced to the Investment Mandate.

Each of the hurdles above is weighted at 50% of the total performance assessment.

Subject to the gateway and performance conditions being met, 50% of the award is paid after results are audited and approved and 50% is deferred and paid one year later at the conclusion of the sixth year (fifth year for awards made in 2025–26 onwards).

This allows further opportunity for any remuneration adjustments to be applied in the event of misconduct.

Awards for the 2024–25 long-term variable pay awards have a notional target value of between \$200,000 and \$300,000, depending on the role.

This can scale up on vest depending on performance condition achievement (and subject to gateway conditions being met), and is capped at an appropriate level, deferring any balance to future years when the cap is not exceeded.

Individual performance component

The individual performance component of our variable pay structure is designed to recognise and reward the individual performance outcomes and achievements of goals set for each employee, as well as the extent to which they meet and model the Agency's values. The Agency runs rigorous end of year processes to calibrate individual performance and ensure equitable outcomes across the Agency, in line with expectations of Government.

Agency staff delivered well against the business plan, supporting the organisation's operational and investment priorities and the appropriate risk management and positioning of the portfolio. Individual performance outcomes were in line with those of 2023–24.

Fund performance component

The construct of the fund performance component of the Agency's annual variable pay is based on a three-year rolling average of the Future Fund's performance relative to the CPI.

The 2024–25 fund performance outcome incorporates this year's return of 12.2%, (against CPI of 2.1%) and the previous two years of 9.1% (against CPI of 3.8%) in 2023–24 and 6.0% (against CPI of 6.0%) in 2022–23.

This means that the three-year rolling average fund performance of 9.1% per annum significantly exceeded the three-year rolling average CPI of 4.0% per annum.

Over \$190 billion has been added to the value of the Fund since its inception.

The Fund now stands at a record \$252.3 billion.

Variable pay outcomes

The three-year return of 9.1% per annum is the Future Fund's strongest three-year return since the 2020–21 year and has added \$57.9 billion to the value of the Fund. As a result, the Fund performance component will be paid out in full.

Total performance-related payments this year of \$29.4 million particularly reflect this strong investment performance as well as an increase in the number of staff eligible for variable pay and achievement.

Details of variable pay outcomes are listed in the Variable pay by classification level in 2024–25 table.

No payments are eligible to be made under the long-term variable plan until 2027–28 at the earliest, and any payments will be subject to assessment against performance hurdles.

Remuneration of key management personnel in 2024–25

Key management personnel (KMP) are those who have authority and responsibility for planning, directing and controlling the activities of the Board and Agency directly and indirectly throughout the year. KMP represents Members of the Board and members of the Agency's SLT (the executive KMP).

The Board and the Agency are established by the *Future Fund Act 2006*. In accordance with the Act, responsible Ministers appoint Members of the Board.

The Act prescribes that fees payable to Board Members are determined by the Commonwealth Remuneration Tribunal (the Tribunal).

The Tribunal's Determination 2024, taking effect from 1 July 2024, sets the annual fee payable to the Chair at \$237,440 and the fee for other members at \$118,740.

Board Members receive no additional fees for membership of the Audit and Risk Committee or other Board committees.

The official travel entitlement for Board Members was set at Tier 1.

Board Members are not eligible for performance-related payments.

Remuneration mix for Agency Executive KMP

As is the case for all staff, remuneration for Agency executive KMP as defined in the previous section, includes both fixed and variable pay on the same terms as other staff, including a fund performance component and individual performance component.

Executives with greater influence over the investment portfolio have a larger proportion of their variable pay linked to investment

performance than those in enabling functions roles, who have variable pay more closely tied to the delivery of initiatives and objectives that support the implementation of the Agency's business strategy.

The following table summarises the composition of variable-related pay for each member of the Executive KMP group.

Annual variable pay composition for Agency Executive KMP

Name	Maximum variable pay as a % of fixed remuneration	% of variable pay tied to investment performance (Fund component)	% of variable pay tied to personal performance (Individual component)
Dr Raphael Arndt	120	50	50
Ms Simone Hartley-Keane ¹	–	–	–
Mr Will Hetherton ²	75	25	75
Mr Gordon McKellar	75	25	75
Mr Hugh Murray	120	50	50
Mr Cameron Price	75	25	75
Ms Kimberley Reid ³	–	–	–
Mr Ben Samild ⁴	–	–	–

Note(s):

1. Ms Simone Hartley-Keane commenced her employment on 19 May 2025 and was not eligible for annual performance pay for 2024–25.
2. Mr Will Hetherton was appointed to the Chief Corporate Affairs Officer on 28 February 2025.
3. Ms Kimberley Reid ceased her employment on 17 December 2024 and was not eligible for annual performance pay for 2024–25.
4. Mr Ben Samild ceased his employment on 24 September 2025 and was not eligible to receive performance pay in relation to performance year 2024–25.

Remuneration outcomes for KMP in 2024–25

Remuneration for Members of the Board is set by the Determination of the Remuneration Tribunal.

Remuneration outcomes for Agency KMP reflect the combination of fixed pay and variable pay as outlined on the previous page, and includes any increases determined through APS or Agency processes.

Remuneration outcomes for KMP in 2024–25

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Variable pay	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$		
Dr Raphael Arndt	Chief Executive Officer	781,095	927,720	0	30,000	45,493	-38,570	0	1,745,738
Ms Simone Hartley-Keane ¹	Chief People, Culture and Inclusion Officer	61,042	0	0	4,665	1,387	0	0	67,094
Mr Will Hetherton ²	Chief Corporate Affairs Officer	206,493	122,254	0	9,885	29,411	0	0	368,043
Mr Gordon McKellar	Chief Operating Officer	654,327	482,859	0	40,083	30,894	0	0	1,208,163
Mr Hugh Murray	Deputy Chief Investment Officer	675,791	624,902	0	40,083	29,918	140,315	0	1,511,009
Mr Cameron Price	General Counsel and Chief Risk Officer	656,976	473,354	0	40,083	16,281	0	0	1,186,694
Ms Kimberley Reid ³	Chief People, Culture and Inclusion Officer	180,244	0	0	39,640	10,150	0	163,217	393,251

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Variable pay	Other benefits and allowances		Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$		
Mr Ben Samild ⁴	Chief Investment Officer	755,031	0	0	30,000	30,189	-89,837	0	725,383
Mr Greg Combet	Chair	237,440	0	2,578	27,306	0	0	0	267,324
Mr James Craig ⁵	Board Member	28,772	0	0	3,309	0	0	0	32,081
Mrs Patricia Cross	Board Member	118,740	0	157	18,286	0	0	0	137,183
Dr Deborah Ralston	Board Member	118,740	0	393	18,286	0	0	0	137,419
Ms Mary Reemst ⁶	Board Member	132,436	0	426	15,230	0	0	0	148,092
Ms Rosemary Vilgan	Board Member	118,740	0	393	18,286	0	0	0	137,419
Mr Michael Wachtel ⁷	Board Member	90,425	0	33	13,925	0	0	0	104,383
Ms Nicola Wakefield Evans	Board Member	118,740	0	441	13,655	0	0	0	132,836

Note(s):

1. Ms Simone Hartley-Keane was appointed as Chief People, Culture and Inclusion Officer on 19 May 2025.
2. Mr Will Hetherton was appointed as Chief Corporate Affairs Officer on 3 March 2025.
3. Ms Kimberley Reid ceased her KMP role on 17 December 2024. Termination benefits relate to contractual obligations.
4. Mr Ben Samild ceased his employment on 24 September 2025 and was not eligible to receive performance pay in relation to performance year 2024–25.
5. Mr James Craig was appointed to the Board on 3 April 2025.
6. Ms Mary Reemst served as Acting Chair from 25 September 2024 to 5 November 2024.
7. Mr Michael Wachtel concluded his term on the Board and committees on 2 April 2025.

Remuneration outcomes for other highly paid staff in 2024–25

Total remuneration bands	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average variable pay	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
		\$	\$	\$	\$			\$	\$
\$260,000–\$270,000	12	201,660	21,905	2,585	22,787	5,231	4,395	7,517	266,080
\$270,001–\$295,000	20	210,201	31,591	0	23,563	6,651	8,703	0	280,709
\$295,001–\$320,000	17	224,193	47,094	0	26,775	7,031	2,592	0	307,684
\$320,001–\$345,000	14	239,737	50,489	1,803	27,568	7,956	6,950	0	334,503
\$345,001–\$370,000	13	247,300	60,531	0	27,530	8,499	13,087	0	356,947
\$370,001–\$395,000	12	273,124	56,967	0	28,721	9,991	13,989	0	382,791
\$395,001–\$420,000	8	297,472	54,832	0	29,741	4,421	16,668	0	403,134
\$420,001–\$445,000	6	306,545	74,262	4,953	27,616	6,738	15,172	0	435,286
\$445,001–\$470,000	5	271,278	144,616	3,381	28,242	7,626	0	0	455,143
\$470,001–\$495,000	1	258,145	147,989	31,723	22,079	10,075	0	0	470,011
\$495,001–\$520,000	7	329,162	64,278	10,262	29,892	9,393	61,227	0	504,214
\$520,001–\$545,000	2	280,720	147,679	0	34,716	17,503	48,916	0	529,534
\$545,001–\$570,000	0	0	0	0	0	0	0	0	0
\$570,001–\$595,000	3	332,488	135,681	0	26,699	13,749	105,280	0	578,804
\$595,001–\$620,000	3	393,672	105,824	0	29,994	12,582	66,784	0	608,855
\$620,001–\$645,000	1	341,462	243,328	0	30,000	19,192	0	0	633,982
\$645,001–\$670,000	6	372,568	209,849	9,737	29,993	-3,017	41,051	0	660,180
\$670,001–\$695,000	7	395,157	205,916	9,862	32,878	14,627	23,588	0	682,027
\$695,001–\$720,000	1	376,604	267,400	0	30,000	13,585	10,000	0	697,589
\$720,001–\$745,000	4	382,135	305,310	0	29,986	14,026	0	0	731,457
\$745,001–\$770,000	3	431,869	277,458	10,899	33,355	13,298	0	0	766,879
\$770,001–\$795,000	1	424,914	315,268	0	30,000	11,771	0	0	781,953

Total remuneration bands	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average variable pay	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
		\$	\$	\$		\$	\$		
\$795,001 – \$820,000	1	364,868	363,049	0	72,472	10,467	0	0	810,856
\$820,001 – \$845,000	1	445,405	195,340	0	40,083	14,774	145,340	0	840,940
\$845,001 – \$870,000	3	403,007	266,038	0	30,000	18,774	146,376	0	864,195
\$870,001 – \$895,000	1	474,789	353,202	0	30,000	14,219	0	0	872,210
\$895,001 – \$920,000	1	446,363	0	0	30,000	34,869	390,724	0	901,956
\$920,001 – \$945,000	2	455,219	372,131	0	29,989	46,079	32,038	0	935,457
\$945,001 – \$970,000	1	474,930	433,240	0	30,000	17,261	0	0	955,431
\$970,001 – \$995,000	0	0	0	0	0	0	0	0	0
\$995,001 – \$1,020,000	0	0	0	0	0	0	0	0	0
\$1,020,001 – \$1,045,000	2	500,958	242,242	0	29,989	21,819	241,545	0	1,036,553
\$1,045,001 – \$1,070,000	0	0	0	0	0	0	0	0	0
\$1,070,001 – \$1,095,000	0	0	0	0	0	0	0	0	0
\$1,095,001 – \$1,120,000	0	0	0	0	0	0	0	0	0
\$1,120,001 – \$1,145,000	1	562,650	341,657	0	30,000	14,192	191,657	0	1,140,155
\$1,145,001 – \$1,170,000	0	0	0	0	0	0	0	0	0
\$1,170,001 – \$1,195,000	0	0	0	0	0	0	0	0	0
\$1,195,001 – \$1,220,000	0	0	0	0	0	0	0	0	0
\$1,220,001 – \$1,245,000	1	601,575	588,008	0	30,000	22,673	0	0	1,242,256
\$1,245,001 – \$1,270,000	0	0	0	0	0	0	0	0	0
\$1,270,001 – \$1,295,000	0	0	0	0	0	0	0	0	0
\$1,295,001 – \$1,320,000	0	0	0	0	0	0	0	0	0
\$1,320,001 – \$1,345,000	0	0	0	0	0	0	0	0	0

Remuneration outcomes for other highly paid staff in 2024–25 (continued)

Total remuneration bands	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average variable pay	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
		\$	\$	\$	\$			\$	\$
\$1,345,001 – \$1,370,000	1	591,547	746,146	0	30,000	23,771	-25,713	0	1,365,750
\$1,370,001 – \$1,395,000	0	0	0	0	0	0	0	0	0
\$1,395,001 – \$1,420,000	0	0	0	0	0	0	0	0	0
\$1,420,001 – \$1,445,000	1	630,388	743,621	0	30,000	16,837	4,459	0	1,425,305
\$1,445,001 – \$1,470,000	1	662,559	767,384	0	40,083	21,895	-25,713	0	1,466,207

Note(s):

Under the Agency's Deferred Earnings Plan, staff can defer receipt of a proportion of their variable pay payable to them in a given financial year and have this treated as a notional investment in the Future Fund.

Remuneration of all staff in 2024–25

While the Agency operates on individual employment contracts rather than an enterprise agreement, we adjust our practices to meet the requirements of the Workplace Relations Policy and associated directions for fixed pay, which includes superannuation.

The Workplace Relations Policy was introduced in 2023 and remains in force.

Other non-salary benefits include annual flu vaccinations, ergonomic assessments and furniture, contributions to relevant professional memberships and salary sacrifice arrangements.

Salary ranges by classification level 2024–25

	Minimum salary \$	Maximum salary \$
SES 3	829,696	829,696
SES 2	713,791	769,912
SES 1	0	0
EL 2	334,343	702,702
EL 1	261,998	536,287
APS 6	184,844	313,451
APS 5	136,269	214,262
APS 4	89,764	171,688
APS 3	75,737	75,737
APS 2	0	0
APS 1	0	0
Other	0	0
Minimum/Maximum range	75,737	829,696

Note(s):

The Future Fund Management Agency operates a classification system that ranges from FFMA1 to FFMA7. In line with reporting requirements under the PGPA Act, remuneration information is now reported in accordance with the Australian Public Service classification system.

Actual salaries fall within the available ranges shown above. Salaries are inclusive of superannuation.

Where a staff member sits in a range is influenced by market data. How and when a staff member moves through a range is influenced by market data, and organisational and personal performance.

Variable pay

Ongoing staff have the opportunity to earn a variable pay component in addition to fixed pay, as outlined earlier in this report, and are shown in the table below.

The payments detailed in the table below include pro rata variable pay for staff who were not employed for the full 12-month cycle but were eligible for payment.

Variable pay by classification level in 2024–25

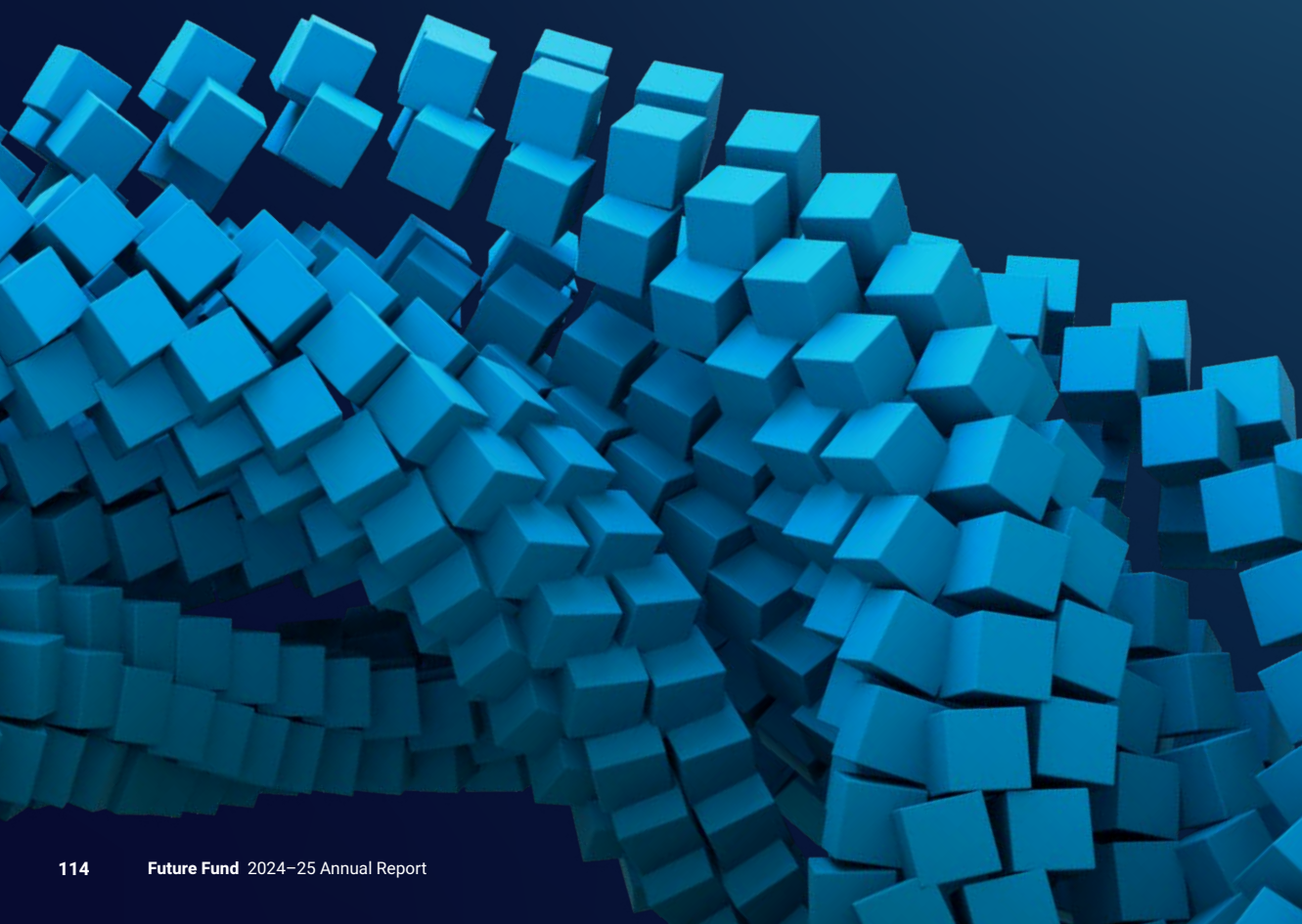
	Number of employees receiving performance pay	Aggregated (sum total) of all payments made \$	Average of all payments made \$	Minimum payment made to employees \$	Maximum payment made to employees \$
SES 3	1	927,720	927,720	927,720	927,720
SES 2	1	482,859	482,859	482,859	482,859
SES 1	0	0	0	0	0
EL 2	48	14,831,738	308,995	19,774	781,127
EL 1	51	5,733,751	112,426	22,961	318,372
APS 6	116	5,152,323	44,417	0	158,308
APS 5	73	1,817,670	24,900	0	76,369
APS 4	42	418,875	9,973	2,320	28,118
APS 3	0	0	0	0	0
APS 2	0	0	0	0	0
APS 1	0	0	0	0	0
Other	0	0	0	0	0
Total	332	29,364,936	88,449	0	927,720

Financial statements

For the financial year ended 30 June 2025

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These financial statements consist of the Future Fund Management Agency and the Board of Guardians.





INDEPENDENT AUDITOR'S REPORT

To the Minister for Finance

Opinion

In my opinion, the financial statements of the Future Fund Management Agency and Board of Guardians (together, the Entity) for the year ended 30 June 2025:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2025 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2025 and for the year then ended:

- Statement by the Chair of the Future Fund Board of Guardians and Head of Finance of the Future Fund Management Agency;
- Statement of comprehensive income;
- Statement of financial position;
- Statement of cash flows;
- Statement of changes in equity;
- Schedule of commitments; and
- Notes to and forming part of the financial statements, comprising a summary of material accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter**Valuation of collective investment vehicles held at fair value through profit or loss**

Refer to Note 16.7 'Fair Value Hierarchy (Collective Investment Vehicles)'

As at 30 June 2025, collective investment vehicles (as defined in Note 7.3 'Collective investment vehicles') totalled \$117.8 billion.

Collective investment vehicles comprise holdings of a diverse range of asset categories including private equity funds, hedge funds, debt funds, infrastructure funds, property funds and timberland assets. Valuation techniques are varied depending on the particular asset category and holding.

All investments are held in custody by the Entity's appointed custodian.

I consider the valuation of collective investment vehicles to be a key audit matter due to the size of the investments and the inherent subjectivity, significant judgements and estimates required where market data is not available to determine the fair value of these investments.

In addition, disclosures that support the users' understanding of the valuation of collective investment vehicles are complex.

How the audit addressed the matter

To assess the controls over the valuation of all collective investment vehicles, I:

- inspected the custodian's independent auditor's assurance report in respect of the design, implementation and operating effectiveness of relevant controls over the valuation of investments by the custodian;
- assessed the qualifications, competence and objectivity of the custodian's independent auditor; and
- tested the design, implementation and operating effectiveness of a selection of the controls in place at the Entity to assess the valuation of collective investment vehicles whether they be performed by the custodian, the collective investment vehicle manager, a valuation expert or management.

I assessed, on a sample basis, the valuation of indirectly held single infrastructure and timberland investments as at 30 June 2025. To do so I:

- evaluated the qualifications, competence and objectivity of the valuation expert used by management; and
- tested the valuation models used including the reasonableness of key assumptions regarding growth rates, discount rates and multiples applied to earnings within the models by performing a cross-check between management's valuation and the valuation applied by comparable companies, including considering the underlying assumptions.

To assess the valuation of all other collective investment vehicles as at 30 June 2025, on a sample basis, I:

- agreed the fair value to the capital account statements received from the underlying investment manager;
 - obtained audited financial statements of each underlying collective investment vehicle as at 30 June 2025, where available, and agreed the audited net asset value to the capital account statement;
 - performed an assessment of the audited financial statements of the collective investment vehicles which included:
 - considering the regulatory framework under which the financial statements were prepared and the accounting policies
-

adopted;

- evaluating the qualifications, competence and objectivity of the audit firm performing the audit and the opinion provided; and
 - where 30 June 2025 audited financial statements were unavailable, investigated significant movements from the date of the most recent audited financial statements and obtained additional evidence to support these movements; and
 - I assessed the accuracy and completeness of the related disclosures in Note 16.7 'Fair value hierarchy' to the financial statements to support the users' understanding of collective investment vehicles.
-

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2025 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair of the Future Fund Board of Guardians is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Chair of the Future Fund Board of Guardians is also responsible for such internal control as the Chair of the Future Fund Board of Guardians determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair of the Future Fund Board of Guardians is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair of the Future Fund Board of Guardians is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Dr Caralee McLiesh PSM
Auditor-General for Australia

Canberra

30 September 2025

Statement by the Chair of the Future Fund Board of Guardians and Head of Finance of the Future Fund Management Agency

In our opinion, the attached financial statements of the Future Fund Management Agency and the Board of Guardians in respect of the Future Fund (together the “**Fund**”) for the year ended 30 June 2025 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (“**PGPA Act**”), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

In preparing the financial statements, the Fund has applied an exemption from sections 6, 8 and 9 of the Financial Reporting Rules which has been provided by the Minister for Finance allowing the Fund to present a financial report in a format that complies with the ‘investment entity’ requirements under Australian Accounting Standards. The effect of this exemption is that the Fund will present its financial report as a single entity.



Hon G Combet AO

Chair of the Board of Guardians
30 September 2025



K Yong

Head of Finance
30 September 2025

Statement of comprehensive income for the financial year ended 30 June 2025

	Notes	Year ended 30 June 2025 \$'000	Year ended 30 June 2024 \$'000
Income			
Dividends and franking credits	3	2,671,954	2,786,170
Distributions	3	816,736	855,346
Interest income from financial assets not at fair value through profit or loss		513,602	355,825
Net gains on financial instruments at fair value through profit or loss	3	24,095,197	15,591,526
Net foreign currency losses	3	(89,997)	(114,841)
Other income		15,288	12,355
Total income		28,022,780	19,486,381
Expenses			
Investment management fees and advisory fees		169,079	156,859
Investment manager performance fees		45,591	56,448
Custody fees		24,062	23,019
Brokerage, duties and other statutory charges		33,034	30,405
Other investment portfolio expenses		7,949	7,307
Agency employees' remuneration	4	122,204	89,199
Other expenses	4,5	154,209	163,909
Total expenses		556,128	527,146
Operating result for the year before tax		27,466,652	18,959,235
Income tax expense	6	72,181	188,836
Operating result for the year		27,394,471	18,770,399
Other comprehensive income for the year		–	–
Total comprehensive income for the year		27,394,471	18,770,399

Note(s):

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2025

	Notes	As at 30 June 2025 \$'000	As at 30 June 2024 \$'000
Assets			
Financial assets			
Cash and cash equivalents	13	9,864,727	10,768,488
Receivables	8	799,314	3,352,162
Investments	7	245,020,278	214,971,424
Other financial assets		20,309	22,892
Total financial assets		255,704,628	229,114,966
Non-financial assets			
Right of use assets		25,316	26,448
Plant and equipment		12,562	15,996
Total non-financial assets		37,878	42,444
Total assets		255,742,506	229,157,410
Liabilities			
Financial liabilities			
Investments	7	2,987,886	1,648,266
Payables	9	375,686	2,501,438
Lease liability		34,699	40,611
Total financial liabilities		3,398,271	4,190,315
Non-financial liabilities			
Employee provisions	10	68,421	46,291
Total non-financial liabilities		68,421	46,291
Total liabilities		3,554,427	4,363,802
Net assets		252,188,079	224,793,608
Equity and amount attributable to the Government			
Contributions by Government	11	60,536,831	60,536,831
Retained earnings		191,651,248	164,256,777
Total equity and amount attributable to the Government		252,188,079	224,793,608

Note(s):

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows

for the financial year ended 30 June 2025

	Notes	Year ended 30 June 2025 \$'000	Year ended 30 June 2024 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		137,036,591	176,288,203
Purchase of financial instruments at fair value through profit or loss		(141,258,468)	(172,032,226)
Interest received		507,294	351,094
Dividends received		2,327,955	2,385,798
Distributions received		776,604	900,934
Franking credit refunds received		436,533	1,193,387
Net settlement of foreign exchange contracts		(44,186)	(59,667)
GST refund received		7,986	7,756
Other income received		14,941	11,494
Investment management fees and advisory fees paid		(151,362)	(143,689)
Investment manager performance fees paid		(62,250)	(37,910)
Custody fees paid		(15,748)	(22,008)
Brokerage, duties and other statutory charges paid		(33,029)	(38,721)
Taxes paid		(111,529)	(109,696)
Interest paid on right of use asset leases		(186)	(215)
Other expenses paid		(285,434)	(265,229)
Net cash (used in)/provided by operating activities	13	(854,288)	8,429,305
Cash flows from investing activities			
Sublease asset principal repayments received		877	560
Purchase of plant and equipment		(518)	(2,048)
Lease liability principal payments		(5,913)	(5,661)
Net cash used in investing activities		(5,554)	(7,149)
Net (decrease)/increase in cash held		(859,842)	8,422,156
Cash at the beginning of the reporting period		10,768,488	2,410,770
Effects of exchange rate changes on the balance of cash held in foreign currencies		(43,919)	(64,438)
Cash at the end of the reporting period	13	9,864,727	10,768,488

Note(s):

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the financial year ended 30 June 2025

	Year ended 30 June 2025		
	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Opening balance	60,536,831	164,256,777	224,793,608
Net operating result	–	27,394,471	27,394,471
Other comprehensive income	–	–	–
Total comprehensive income	–	27,394,471	27,394,471
Contributions made by Government	–	–	–
Closing balance	60,536,831	191,651,248	252,188,079

	Year ended 30 June 2024		
	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Opening balance	60,536,831	145,486,378	206,023,209
Net operating result	–	18,770,399	18,770,399
Other comprehensive income	–	–	–
Total comprehensive income	–	18,770,399	18,770,399
Contributions made by Government	–	–	–
Closing balance	60,536,831	164,256,777	224,793,608

Note(s):

The above statement should be read in conjunction with the accompanying notes.

Schedule of commitments

as at 30 June 2025

	Notes	30 June 2025 \$'000	30 June 2024 \$'000
By type			
Capital commitments			
Collective investment vehicles	7.3	27,771,531	23,048,483
Total capital commitments		27,771,531	23,048,483
Other commitments			
Other commitments ¹		59,345	62,084
Total other commitments		59,345	62,084
By maturity			
Capital commitments			
One year or less		27,771,531	23,048,483
Total capital commitments by maturity		27,771,531	23,048,483
Other commitments			
One year or less		48,384	40,755
From two to five years		10,961	21,329
Total other commitments by maturity		59,345	62,084

Note(s):

1. Other commitments relate to contractual obligations for the provision of services for the Fund.

Commitments are GST inclusive.

The above schedule should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2025

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Note 1: Objectives of the Future Fund and the responsibilities of the Agency and the Board

The *Future Fund Act 2006* (as amended) ("**Act**") commenced on 3 April 2006 and established the Future Fund Special Account (the Fund Account), the Future Fund Board of Guardians ("**Board**") and the Future Fund Management Agency ("**Agency**"), collectively referred to as the Future Fund ("**Fund**"). The main object of this Act is to strengthen the Commonwealth's long-term financial position by establishing the Future Fund.

The Future Fund will provide an asset to cover Commonwealth liabilities including unfunded superannuation liabilities that will become payable during a period when an ageing population is likely to place significant pressure on the Commonwealth's finances.

Future Fund Management Agency

The Agency is a statutory agency for the purposes of the *Public Service Act 1999* ("**Public Service Act**") and is prescribed for the purposes of the *Public Governance, Performance and Accountability Act 2013* ("**PGPA Act**"). The Agency is responsible for implementing the investment decisions made by the Board.

The Agency is responsible for the operational activities associated with the investment of funds in the Fund Account. This includes the provision of advice to the Board on the investment of the portfolio and managing the Board's contracts with investment managers, advisers and other service providers.

The Agency also supports the Board in the investment of the assets of the DisabilityCare Australia Fund ("**DCAF**") as set out in the *DisabilityCare Australia Fund Act 2013*, the Medical Research Future Fund ("**MRFF**") as set out in the *Medical Research Future Fund Act 2015*, the Aboriginal and Torres Strait Islander Land and Sea Future Fund ("**ATSILSFF**") as set out in the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the Future Drought Fund ("**FDF**") as set out in the *Future Drought Fund Act 2019*, the Disaster Ready Fund ("**DRF**") as set out in the *Disaster Ready Fund Act 2019* and the Housing Australia Future Fund ("**HAFF**") as set out in the *Housing Australia Future Fund Act 2023*.

Future Fund Board of Guardians

The Board is a body corporate with perpetual succession and has a separate legal identity to the Commonwealth.

The roles and responsibilities of the Board are set out in the Act. The Board is collectively responsible for the investment decisions of the Fund and for the safekeeping and performance of the assets of the Fund. As such, the Board's primary role is to provide strategic direction to the investment activities of the Fund including the development and implementation of an investment strategy that adheres to the Investment Mandate.

The Board is also responsible for the investment of the assets of the DCAF, MRFF, ATSILSFF, FDF, DRF and HAFF. The assets and financial results of these funds do not form part of these financial statements.

Note 2: Material accounting policies

2.1 Basis of preparation of the financial statements

These financial statements comprise the Agency and the Board in respect of the Future Fund, collectively referred to as the Future Fund, prepared in accordance with Section 80 of the Act.

The financial statements are required by section 42 of the PGPA Act, and are general purpose financial statements prepared on a going concern basis.

The financial statements have been prepared in accordance with:

- Financial Reporting Rules (“FRR”) (being the *Public Governance, Performance and Accountability Rule 2015*) for reporting periods ending on or after 1 July 2024; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that apply for the reporting period.

In preparing the financial statements, the Fund has applied an exemption from sections 6, 8 and 9 of the Financial Reporting Rules which has been provided by the Minister for Finance allowing the Fund to present a financial report in a format that complies with the investment entity requirements under Australian Accounting Standards. The effect of this exemption is that the Fund will present its financial report as a single entity.

These financial statements have been prepared on an accrual basis and are in accordance with the historic cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through the profit or loss account. Cost is based on the fair values of the consideration given in exchange for assets or the fair value of consideration or services received in exchange for the creation of a liability.

The Statement of financial position is presented on a liquidity basis as is common practice within the investment industry. Assets and liabilities are presented in decreasing order of liquidity and with no distinction between current and non-current. All balances are expected to be recovered or settled within 12 months except for:

- Investments in financial assets and liabilities. These investments are held for the longer term consistent with the Fund’s investment mandate;
- right-of-use assets which are depreciated over the shorter of the lease term and the estimated useful lives of the assets;
- plant and equipment which are depreciated over their useful lives; and
- certain employee liabilities such as leave entitlements.

Commitments, which are not liabilities or assets under Australian Accounting Standards are not recognised in the Statement of financial position. They are reported as appropriate in the Schedule of commitments.

Significant Accounting Judgements and Estimates

In relation to collective investment vehicles, significant judgement is required in making assumptions and estimates which are inputs to the fair value of such investments. The Fund ensures that valuation principles applied are materially compliant with industry guidelines and are consistently applied and there has been no change in the application of these principles to 30 June 2025 valuations. Further details surrounding the judgements and estimates used to value these investments are disclosed in Note 16.6 and 16.7.

Note 2: Material accounting policies (continued)

Consolidation exemption for investment entities

The Fund meets the definition of an “investment entity” under AASB 10 Consolidated Financial Statements and does not consolidate its subsidiaries as listed in Note 12. Instead, those subsidiaries are recognised as investments and are measured at fair value through profit or loss. The Fund’s assessment of the investment entity definition is as follows:

An investment entity is defined as an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund meets these criteria as it is a sovereign wealth fund investing for the benefit of future generations of Australians, generating returns through both capital appreciation and investment income. Furthermore, the performance of the investments made through subsidiaries are measured and evaluated on a fair value basis.

2.2 Statement of compliance

The financial report complies with Australian Accounting Standards as applicable to the Future Fund in accordance with the Financial Reporting Rules for the year ended 30 June 2025 made under the *Public Governance, Performance and Accountability Act 2013*.

Australian Accounting Standards require the Fund to disclose Australian Accounting Standards that have not yet been applied by the Fund, for standards that have been issued by the AASB but are not yet effective at the reporting date. The Fund must also disclose new standards and interpretations affecting amounts reported in the current period and those standards adopted with no effect on the financial statements in the current period.

Adoption of new accounting standards in the current reporting period

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2024 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Standards and amendments that will become effective in future reporting periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period and have not been early adopted by the Fund. None of these are expected to have a material effect on the financial statements of the Fund.

2.3 Financial assets and liabilities

All investments of the Fund are in financial assets or financial liabilities for the purposes of the Government Finance Statistics system in Australia as is required under section 16 of the Act. Should the Fund acquire non-financial assets, section 32 of the Act requires the Board to realise such assets as soon as practicable.

Further details on how the fair values of financial instruments are determined are disclosed in Notes 16.6 and 16.7.

2.3.1 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at bank with maturities less than three months. Deposits held with a bank that are not at call are classified as financial assets at fair value through profit and loss.

Cash does not include any amounts held in escrow accounts or margin accounts where its use is restricted. These are treated as investments.

2.3.2 Receivables

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

2.3.3 Investments

All Investments are designated at fair value through profit or loss. Subsequent to initial recognition, all investments are measured at fair value with changes in their fair value recognised in the Statement of comprehensive income at each reporting date.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value.

Investments in collective investment vehicles are initially recorded at fair value on the date which consideration is provided to the contractual counterparty under the terms of the relevant subscription agreement. Any associated due diligence costs in relation to these investments are expensed when incurred.

The following methods are adopted by the Fund in determining the fair value of investments:

- Listed securities, exchange traded futures and options, and investments in listed managed investment schemes are recorded at the quoted market prices on relevant stock exchanges.
- Unlisted managed investment schemes and collective investment vehicles are re-measured by the Fund based on the estimated fair value of the net assets of each scheme or vehicle at the reporting date. Collective investment vehicles are entities that enable investors to pool their money and invest the pooled funds, rather than buying securities directly. Collective investment vehicles are used to invest in private equity funds, hedge funds, credit funds, infrastructure funds, timberland funds and property funds and are usually structured as interests in limited partnerships and limited liability companies.

In determining the fair value of the net assets of unitised unlisted managed investment schemes and collective investment vehicles, reference is made to the underlying unit price provided by the Manager (where available), associated Manager or independent expert valuation reports and capital account statements and the most recent audited financial statements of each scheme or vehicle.

Manager valuation reports are reviewed to ensure the underlying valuation principles are materially compliant with Australian Accounting Standards and applicable industry standards including International Private Equity and Venture Capital Valuation Guidelines as endorsed by the Australian Investment Council.

- Derivative instruments are used by the Fund in accordance with the Act to manage its exposure to foreign exchange risk, interest rate risk, equity market risk and credit risk and to gain indirect exposure to market risks. The Fund uses forward foreign exchange contracts, swaps, futures, forward contracts on mortgage backed securities and exchange traded and over the counter options which are recorded at their fair value on the date the contract is entered into and are subsequently re-measured to their fair values at each reporting date. Further disclosure regarding the use of derivatives by the Fund is presented in Note 16.
- Asset backed securities, bank bills, negotiable certificates of deposit and corporate debt securities which are traded in active markets are valued at the quoted market prices. Securities for which no active market is observable are valued at current market rates using broker sourced market quotations and/or independent pricing services as at the reporting date.

The fair value of financial assets and financial liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that are substantially the same including those on traded markets, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of observable market inputs and relying as little as possible on entity-specific inputs. Note 16.6 has further information surrounding the determination of fair values for investments.

Note 2: Material accounting policies (continued)

2.3.4 Future Fund Investment Companies

Some of the investments of the Future Fund Board of Guardians are held through wholly owned investment holding companies, Future Fund Investment Companies ("FFICs").

The FFICs are funded primarily via loan arrangements structured as an interest-free revolving credit facility between the Future Fund Board of Guardians and each respective FFIC. These loans are designated as financial assets and measured at fair value with changes in their fair value recognised in the Statement of comprehensive income each reporting date.

The outstanding balance of the loan assets is unsecured and is repayable in cash on demand. As the FFICs hold a substantial portion of the investments of the Fund, disclosures in the financial instruments and financial risk management notes (Note 16) include the underlying investments of the FFICs on a look-through basis as this provides users of the financial statements with more relevant information in relation to the investment portfolio. Note 16 clearly states where this look-through has been applied. Additional disclosures regarding collective investment vehicles held in the FFICs have been included in Note 7.

2.4 Revenue

Dividends, franking credits and distribution income are recognised when the right to receive payment is established. Dividend income is recognised gross of foreign withholding tax with any related foreign withholding tax recorded as income tax expense.

Franking credits on investments in equity securities are recognised as income when the right to receive the refund of franking credits from the Australian Taxation Office has been established.

Interest revenue is recognised in the Statement of comprehensive income for all financial instruments that are not at fair value through profit or loss using the effective interest method as set out in *AASB 9 Financial Instruments*. Interest income on assets at fair value through profit or loss is included in the net gains/(losses) on financial instruments at fair value through profit or loss in the Statement of comprehensive income.

2.5 Other income

Services and resources received free of charge

Services and resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Other income

Other income is measured at the fair value of consideration received or receivable.

2.6 Transactions with the Government as owner

2.6.1 Credits to the Fund Account

From time to time the responsible Ministers may determine that additional amounts are to be credited to the Fund Account. In addition, the responsible Ministers may transfer Commonwealth-owned financial assets to the Fund Account. As shown in Note 11 there were no contributions received during the year. No contributions were received in the previous financial year.

2.6.2 Debits to the Fund Account

Amounts may be debited from the Fund Account in accordance with the purposes of the Fund Account as set out in the Act. Under the Act debits can be made to the extent of unfunded superannuation liabilities from whichever is the earlier of:

1. the time when the balance of the Fund is greater than or equal to the target asset level; or
2. 1 July 2020.

However, in November 2024, the Government announced a deferral of drawdowns from the Fund to at least 2032–33.

2.7 Employee entitlements

Liabilities for services rendered by employees are recognised at the end of the financial year to the extent that they have not been settled. The amount is calculated with regard to the rates expected to be paid on settlement of the liability.

2.7.1 Leave

The liability for employee entitlements includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting.

The leave liabilities are calculated on the basis of employees' remuneration at the end of the financial year, adjusted for expected increases in remuneration effective from 1 July 2025. Liabilities for short-term employee benefits (i.e. wages and salaries, annual leave, performance payments, expected to be settled within 12 months from the reporting date) are measured at their nominal amounts.

All other employee benefits are measured at the present value of the estimated future cash flows to be made in respect of all employees at the end of the financial year. The employee based shorthand model developed by the Australian Government Actuary has been used in determining the present value of the long service leave liability.

2.7.2 Superannuation

Staff of the Fund are variously eligible to contribute to the Commonwealth Superannuation Scheme ("**CSS**"), Public Sector Superannuation Scheme ("**PSS**") or the Public Sector Superannuation Scheme ("**Accumulation Plan**"). Staff may join any other complying employee nominated schemes.

For any staff who are members of CSS (Defined Benefit) or PSS (Defined Benefit), the Fund makes employer contributions to the Australian Government at rates determined by the Government actuary. The liability for superannuation benefits payable to an employee upon termination is recognised in the financial statements of the Australian Government.

As CSS and PSS are multi-employer plans within the meaning of *AASB 119 Employee Benefits*, all contributions are recognised as expenses on the same basis as contributions made to defined contribution plans. A liability has been recognised at the end of the financial year for outstanding superannuation co-contributions payable in relation to the final payroll run of the financial year.

2.7.3 Performance Related Payments

All permanently employed staff at the Agency at the reporting date are eligible to receive an entitlement to a performance related payment as approved by the Board. Employees who receive an entitlement may elect to have the entitlement converted to cash and paid to them. Alternatively, they may defer part or all of the payment for an initial two-year period and receive a commitment from the Agency to pay them a future amount which will be dependent on the performance of the Fund over this two-year period.

A liability has been recognised at the end of the financial year for outstanding performance related payments payable in relation to previous and current financial years. For employees who have elected to receive part or all of the entitlement as cash, the cash component of the entitlement is recognised as a liability at its nominal value. For employees who have elected to defer part or all of their entitlement, the deferred portion of their entitlement is measured at the present value of the expected future entitlement at the conclusion of the initial two-year deferral period. For the purpose of this calculation the Fund has assumed that the portfolio will return the minimum mandated return in making the estimate of the future value of the entitlement. This future value has then been discounted at an appropriate Australian Government bond rate to arrive at the present value of the liability. Actual returns are used to determine the present value of the entitlement for participation years where actual results are available.

Note 2: Material accounting policies (continued)

2.8 Leases

Under AASB 16 Leases the Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset for all leases except short-term and low-value leases.

The Fund recognises right-of-use assets at the commencement date of the lease (i.e. The date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Fund measures lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any incentives receivable and variable lease payments that depend on an index or a rate. In calculating the present value of lease payments, the Fund uses its incremental borrowing rate (Australian Government Bond rate) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

2.9 Financial Risk Management

Disclosures regarding the Fund's financial risks are presented in Note 16.

2.10 Taxation

The Fund has sovereign immunity from taxation in Australia and certain foreign jurisdictions. In some limited cases and in some limited countries, foreign taxes can be payable on certain classes of income and capital gains. Mostly these foreign taxes are withheld at source (income net of taxes is received by the Fund) under the withholding regimes of the relevant jurisdiction. These withholding taxes are generally a final tax and no further amounts are payable. To the extent the Fund is entitled to a lower withholding amount than that deducted at source, the Fund makes a claim to the respective foreign revenue authority for the difference and these amounts are recorded as receivables on the Statement of financial position and in the Statement of comprehensive income as revenue.

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. As the fund is tax exempt in Australia, there is no current Australian tax amount recognised in the financial statements.

The Fund does incur foreign withholding taxes and capital gains taxes in some jurisdictions which are recorded as current taxes.

Foreign corporate taxes are incurred on certain foreign investments of the Fund. However, for those held via holding entities or within collective investment vehicles, the Fund applies the investment entity exemption and does not consolidate these investments. Those tax expenses are therefore not recorded in the financial statements. Corporate tax paid or payable on foreign investments results in a lower mark to market fair valuation of these investments and is included in the net gain or loss on financial instruments at fair value in the Statement of comprehensive income.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

Foreign deferred corporate taxes are recognised on certain foreign investments of the Fund as per above, however for foreign investments held via holding entities or within collective investment vehicles, the Fund applies the investment entity exemption and does not consolidate these investments, therefore those deferred tax expenses are not recorded in the financial statements. Deferred taxes on foreign investments result in an adjusted mark to market fair valuation of these investments and are included in the net gain or loss on financial instruments at fair value in the Statement of comprehensive income.

Fringe Benefits Tax and Goods and Services Tax

The Fund is exempt from all forms of federal Australian taxation except for Fringe Benefits Tax ("FBT") and the Goods and Services Tax ("GST").

Revenues, expenses, assets and liabilities are recognised net of GST, except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables (where GST is applicable).

Receipts and payments in the Statement of cash flows are recorded in gross terms (at their GST inclusive amounts).

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

2.11 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). The functional currency of the Fund is Australian dollars. It is also the presentation currency.

Transactions and balances

All foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Statement of comprehensive income in the period in which they arise. Translation differences on assets and liabilities at fair value are reported in the Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit and loss.

2.12 Rounding of amounts

Amounts have been rounded to the nearest thousand dollars unless stated otherwise in accordance with the FRRs.

Note 3: Dividends, distributions and net gains/(losses)

	2025 \$'000	2024 \$'000
Dividend income and franking credits		
Dividend income – domestic equities and listed managed investment scheme distributions	919,198	819,872
Franking credits refunded or refundable under Section 30 of the <i>Future Fund Act 2006</i>	322,957	436,610
Dividend income – related entities (FFICs) ¹	–	371,070
Dividend income – international equities	1,429,799	1,158,618
Total dividend and franking credit income	2,671,954	2,786,170
Distribution income		
Distributions – collective investment vehicles	816,736	855,346
Total distribution income	816,736	855,346

Note(s):

1. There are no dividends receivable from FFIC related entities for the year ended 30 June 2025.

	2025 \$'000	2024 \$'000
Net gains on financial instruments at fair value through profit or loss		
Net gains on financial assets at fair value through profit or loss	25,405,428	15,012,392
Net (losses)/gains on financial liabilities at fair value through profit or loss	(1,310,231)	579,134
Total net gains on financial instruments¹	24,095,197	15,591,526
Total net losses arising on foreign currency	(89,997)	(114,841)

Note(s):

1. This total includes the foreign currency impact from translating financial assets and liabilities from their local currency amounts into Australian dollars.

Note 4: Expenses

	2025 \$'000	2024 \$'000
Agency employees' remuneration		
Wages and salaries	110,219	79,433
Superannuation	7,982	6,073
Leave and other entitlements payable	4,003	3,693
Total Agency employees' remuneration	122,204	89,199
Other expenses		
Information technology services	49,457	56,627
Professional and outsourced services	27,050	31,097
Investment research, advisory and market data services	19,081	18,482
Software and communication services	18,046	17,659
Data management services	16,276	16,697
Depreciation of right of use assets, plant and equipment	8,643	8,677
Facilities management and services	5,277	4,783
Travel costs	4,653	4,308
Human resources, learning and development	3,205	3,264
Board remuneration	1,093	927
Insurance	652	601
Internal audit fees	537	548
External audit fees	239	239
Total other expenses	154,209	163,909

Note 5: Remuneration of Auditors

Included in other operating expenses is the financial statement audit services provided to the Fund which totalled \$169,000 (2024: \$169,000) by the Australian National Audit Office ("ANAO") at no cost to the Fund. The fair value of all audit services provided by the ANAO, including the services provided free of charge and for the audits of the FFICs was:

	2025 \$	2024 \$
Auditing the financial statements – Future Fund and FFICs	239,000	239,000

Note(s):

No other services were provided by the ANAO.

The Fund's auditor is the ANAO who has contracted EY (2024: EY) to assist with the assignment.

Note 6: Income tax expense

As per Note 2.10, the Fund is exempt from federal Australian income taxation. Tax expense reflects foreign withholding tax on income and other capital gains or corporate taxes where imposed by certain countries. Accordingly, the Australian income tax rate for the Fund is 0% (2024: 0%).

	2025 \$'000	2024 \$'000
Income tax expense		
Current tax	111,641	109,690
Deferred tax	(39,460)	79,146
Total income tax expense	72,181	188,836
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	27,466,652	18,959,235
Tax at the applicable Australian tax rate of 0% (2024: 0%)	–	–
Tax effect of items which are not deductible/(taxable) in calculating taxable income:		
Franking credits earned from Australian subsidiaries	–	159,030
Difference in tax rates on Australian subsidiaries ¹	–	(159,030)
Withholding tax	88,152	75,330
Other foreign corporate tax expense	(15,971)	113,506
Total income tax expense	72,181	188,836

Note(s):

1. The FFICs, being wholly owned Australian corporate investment holding companies, were subject to Australian income tax for income years ended up to 30 June 2023 and such tax was recoverable via franking credit refunds to which the Fund was entitled. The FFICs became exempt from Australian income tax for income years commencing on or after 1 July 2023.

Note 7: Investments

	2025 \$'000	2024 \$'000
Investment Summary		
Financial assets		
At fair value:		
Future Fund Investment Companies (FFICs)	68,756,540	68,748,820
Interest bearing securities	24,486,686	24,098,258
Listed equities and listed managed investment schemes	88,903,926	72,133,837
Collective investment vehicles	55,305,277	44,891,683
Derivatives	6,664,598	4,132,315
Restricted cash	903,251	966,511
Total financial asset investments	245,020,278	214,971,424
Financial liabilities		
At fair value:		
Derivatives	(2,987,886)	(1,648,266)
Total financial liability investments	(2,987,886)	(1,648,266)

The tables below provide more detailed information of the investments held at balance date.

The table below shows the FFICs balance split between loans and equity.

	2025 \$'000	2024 \$'000
FFICs		
At fair value:		
Loans provided to FFICs	33,684,320	40,218,856
Residual equity in FFICs ¹	35,072,220	28,529,964
Total FFICs²	68,756,540	68,748,820

Note(s):

1. The residual equity in the FFICs would be classified as Level 3 in accordance with Note 16.7. Movement in residual equity for FFICs is due to changes in fair value and retained earnings.
2. Refer to Note 2.3.4 for more information regarding the FFICs and loan arrangements.

The table below shows the reconciliation of loans provided to FFICs.

	2025 \$'000	2024 \$'000
FFICs		
Beginning of the year	40,218,856	39,024,782
Loans advanced	2,320,248	45,931,966
Loan repayments received	(8,854,784)	(45,728,963)
Interest repayments received	–	(2,372,272)
Fair value gain	–	3,363,343
End of year	33,684,320	40,218,856

Note 7: Investments (continued)

	2025 \$'000	2024 \$'000
Interest bearing securities		
At fair value:		
Bank bills – international	25,058	–
Negotiable certificates of deposit – domestic	6,507,730	3,515,297
Negotiable certificates of deposit – international	1,936	362,918
Corporate debt securities – domestic	–	566,204
Corporate debt securities – international	2,892,105	4,326,354
Mortgage backed securities – international	287,897	1,941,750
Asset backed securities – international	1,727,751	2,747,628
Corporate credit (bank loans) – international	1,974,057	1,655,295
Government debt securities – international ¹	10,650,613	8,590,999
Other interest-bearing securities – domestic	79,661	43,572
Other interest-bearing securities – international	339,878	348,241
Total interest bearing securities	24,486,686	24,098,258
Listed equities and listed managed investment schemes		
At fair value:		
Domestic listed equities and listed managed investment schemes	26,981,525	22,741,689
International listed equities and listed managed investment schemes	61,922,401	49,392,148
Total listed equities and listed managed investment schemes	88,903,926	72,133,837
Collective investment vehicles		
At fair value:		
Unlisted investments	48,447,183	40,672,131
Unlisted shares	6,858,094	4,219,552
Total collective investment vehicles²	55,305,277	44,891,683

Note(s):

1. Includes government debt securities valued at \$1,135,248,000 which have been pledged as collateral and alternative use is restricted at 30 June 2025 (\$0 for 30 June 2024).
2. Excludes collective investment vehicles held via the FFICs.

	2025 \$'000	2024 \$'000
Derivatives		
At fair value: – financial assets		
Total derivative financial assets	6,664,598	4,132,315

	2025 \$'000	2024 \$'000
Derivatives		
At fair value: – financial liabilities		
Total derivative financial liabilities	(2,987,886)	(1,648,266)
Total derivatives	3,676,712	2,484,049

The Fund enters into certain derivative transactions under International Swaps and Derivatives Association (ISDA) agreements with various counterparties, which include provisions for netting arrangements. The derivative financial asset and financial liability balances above are stated gross of any netting arrangements.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of financial position are disclosed in the first three columns of the following table where a netting arrangement is in place. Under the terms of the ISDA agreements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. The fourth column in the tables below show the amounts which could be offset at the counterparty level. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Statement of financial position.

Financial assets	Effects of offsetting on the Statement of financial position			Related amounts not offset	
	Gross amounts of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2025					
Derivative financial instruments	4,886,700	–	4,886,700	(2,525,015)	2,361,685
Total	4,886,700	–	4,886,700	(2,525,015)	2,361,685

2024

Derivative financial instruments	3,476,769	–	3,476,769	(647,817)	2,828,952
Total	3,476,769	–	3,476,769	(647,817)	2,828,952

Financial liabilities	Effects of offsetting on the Statement of financial position			Related amounts not offset	
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position	Amounts subject to master netting arrangements	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000

2025

Derivative financial instruments	2,525,015	–	2,525,015	(2,525,015)	–
Total	2,525,015	–	2,525,015	(2,525,015)	–

2024

Derivative financial instruments	647,817	–	647,817	(647,817)	–
Total	647,817	–	647,817	(647,817)	–

Note 7: Investments (continued)

7.1 Restrictions on investments – cash and securities

Cash provided and received as collateral

The Fund has entered into various derivative contracts which require the Fund to post or receive collateral with counterparties under certain circumstances based on minimum transfer limits. The Fund provides cash as collateral when legally required and counterparties also post collateral when legally required. Any cash provided as collateral remains a financial asset of the Fund, however, any alternate use of this cash is restricted as it is held by the counterparty. Any cash received by the Fund from counterparties is included in the net assets of the Fund. As at 30 June 2025, the Fund has \$830,200,000 in cash which has been posted as collateral with counterparties, (2024: \$186,195,104) and has received \$2,535,579,902 in cash (2024: \$2,421,385,642).

Cash provided as margin on futures accounts

The Fund has posted cash with a futures broker to cover exchange traded futures positions as required under clearing house rules. As at 30 June 2025, the Fund had posted \$2,482,533,853 (2024: \$1,442,878,273) in futures margins to cover open positions. This cash also remains a financial asset of the Fund, however, any alternate use of this cash is also restricted.

Cash and securities provided as margin on swap accounts

The Fund has posted cash and government debt securities with a central counterparty to cover exchange traded swap positions as required under clearing house rules. As at 30 June 2025, the Fund had posted \$1,184,309,047 (2024: \$1,616,548,655) in swap margins to cover open positions. This cash and these securities also remain financial assets of the Fund, however any alternate use of this cash and these securities is also restricted.

Cash prepayments for investments

The Fund prepays cash for applications into some Alternative investments in advance of the effective date for allocation of units as set out in the legal documents. Therefore, the cash remains a financial asset of the Fund, however, any alternate use of this cash is restricted. As at 30 June 2025, the Fund had prepaid \$824,409,249 (2024: \$1,825,002,416).

7.2 Restrictions on investments – listed equities

The Fund has in place an automatic contractual lien over the Fund's listed equities with a counterparty when the Fund's exposure to that counterparty exceeds the base unsecured threshold. At 30 June 2025, no assets are subject to the lien (2024: no assets subject to the lien).

This agreement is instead of posting cash collateral and provides the Fund with greater efficiency in managing its liquidity.

7.3 Collective investment vehicles

Commitments made to collective investment vehicles as at 30 June 2025

As disclosed in the Schedule of commitments and in the following tables, the Fund, directly and via the FFICs has committed to provide capital to various collective investment vehicles. The total of these commitments at balance date is \$27,772 million (2024: \$23,048 million).

The Fund's commitment obligations, being capital calls, are set out in the various underlying subscription documents. While the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Fund has included the commitments in the Schedule of commitments with a maturity of one year or less in accordance with the underlying legal documents. The Fund has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

Investment funds of the types the Fund invests in usually allow the fund's manager, general partner or other controlling entity to require repayment of distribution payments previously made to investors in order to cover certain fund liabilities (such as obligations to indemnify or to meet warranty claims on sold assets). The Fund negotiates where possible, for these 'giveback' obligations to be limited in both total amount (e.g. to between 10–25% of total distributions received) and liability period (e.g. for no longer than two years after the distributions are received). The Fund is not aware of any giveback obligations being triggered at 30 June 2025 (or 30 June 2024).

30 June 2025 – directly held by the Fund

As at 30 June 2025, the Fund had made commitments to a number of collective investment vehicles. Capital commitments (local currency), the net cost of the current investments net of returns of capital (Australian dollars), the outstanding commitment (Australian dollars) and the fair value (Australian dollars) of the investments as at 30 June 2025 are shown in the table below.

Description of underlying strategy	Contractual capital committed as at 30 June 2025 Local Currency \$'000	Outstanding commitment as at 30 June 2025 AUD equivalent \$'000	Net capital cost ¹ as at 30 June 2025 AUD equivalent \$'000	Fair value as at 30 June 2025 AUD equivalent \$'000
Alternative strategies	AUD \$16,190,255	–	15,210,635	18,777,609
Alternative strategies	USD \$1,672,453	–	1,529,498	4,448,451
Credit	AUD \$5,876,898	732,473	4,662,226	5,156,650
Credit	EUR €1,916,000	2,455,647	916,850	1,104,070
Credit	USD \$5,314,234	4,218,148	3,926,866	5,863,790
Global Infrastructure	AUD \$4,067,264	700,000	3,288,741	6,849,175
Global Infrastructure	EUR €381,930	395,476	269,940	414,528
Global Infrastructure	USD \$3,511,974	1,622,564	2,809,452	3,833,724
Private Equity	EUR €224,109	322,412	175,243	73,890
Private Equity	USD \$2,269,250	2,163,186	1,063,508	1,500,375
Property	AUD \$30,500	–	8,790	17,885
Property	EUR €1,863,758	1,994,916	1,128,196	1,300,304
Property	GBP £200,029	99,133	169,541	159,605
Property	USD \$7,087,929	2,368,361	6,362,187	5,805,221
Total		17,072,316	41,521,673	55,305,277

Note(s):

1. Net capital cost includes all capital contributed less capital returned at 30 June 2025.

Note 7: Investments (continued)

30 June 2025 – indirectly held via the FFICs

As at 30 June 2025, the Fund had made commitments to a number of collective investment vehicles via its FFICs. Capital commitments (local currency), the net cost of the current investments net of returns of capital (Australian dollars), the outstanding commitment (Australian dollars) and the fair value (Australian dollars) of the investments as at 30 June 2025 are shown in the table below.

Description of underlying strategy	Contractual capital committed as at 30 June 2025 Local Currency \$'000	Outstanding commitment as at 30 June 2025 AUD equivalent \$'000	Net capital cost ¹ as at 30 June 2025 AUD equivalent \$'000	Fair value as at 30 June 2025 AUD equivalent \$'000
Alternative strategies	AUD \$13,500,395	55,888	8,970,665	12,060,372
Alternative strategies	USD \$1,871,274	299,393	635,697	1,530,378
Credit	USD \$5,467,407	2,348,932	1,439,918	2,025,244
Global Infrastructure	AUD \$6,620,115	204,246	6,028,047	9,616,021
Global Infrastructure	EUR €99,000	–	165,800	222,191
Global Infrastructure	GBP £106,563	–	28,667	50,998
Global Infrastructure	USD \$1,082,650	274,731	454,400	298,384
Listed Equities	JPY ¥250,533,500	–	2,500,560	3,012,424
Private Equity	AUD \$1,901,208	217,007	1,253,763	1,415,774
Private Equity	EUR €2,259,746	1,225,113	1,964,932	2,708,926
Private Equity	GBP £308,848	484	428,680	306,428
Private Equity	USD \$19,965,081	4,942,538	16,456,632	27,860,678
Property	AUD \$565,000	124,291	440,709	422,359
Property	EUR €883,136	173,853	510,309	701,250
Property	JPY ¥33,600,000	354,947	–	–
Property	USD \$902,608	477,792	330,037	261,761
Total		10,699,215	41,608,816	62,493,188

Note(s):

1. Net capital cost includes all capital contributed less capital returned at 30 June 2025.

30 June 2024 – directly held by the Fund

As at 30 June 2024, the Fund had made commitments to a number of collective investment vehicles. Capital commitments (local currency), the net cost of the current investments net of returns of capital (Australian dollars), the outstanding commitment (Australian dollars) and the fair value (Australian dollars) of the investments as at 30 June 2024 are shown in the table below.

Description of underlying strategy	Contractual capital committed as at 30 June 2024 Local Currency \$'000	Outstanding commitment as at 30 June 2024 AUD equivalent \$'000	Net capital cost ¹ as at 30 June 2024 AUD equivalent \$'000	Fair value as at 30 June 2024 AUD equivalent \$'000
Alternative strategies	AUD \$13,277,259	–	12,733,950	14,865,804
Alternative strategies	USD \$1,733,905	–	1,716,961	4,162,516
Credit	AUD \$5,772,009	971,777	4,584,032	4,797,563
Credit	EUR €1,661,000	2,033,827	720,804	811,409
Credit	USD \$4,497,034	3,627,784	5,694,429	4,849,463
Global Infrastructure	AUD \$2,045,166	700,000	1,302,873	4,210,870
Global Infrastructure	EUR €381,930	409,138	215,635	297,715
Global Infrastructure	USD \$2,893,256	1,124,654	2,427,697	3,214,863
Private Equity	EUR €44,109	–	175,393	76,779
Private Equity	USD \$1,044,850	413,733	942,054	1,404,842
Property	AUD \$405,500	–	12,665	24,695
Property	EUR €922,124	650,290	741,085	772,868
Property	GBP £217,753	145,164	138,995	111,553
Property	USD \$7,212,289	2,800,953	5,512,389	5,290,743
Total		12,877,320	36,918,962	44,891,683

Note(s):

1. Net capital cost includes all capital contributed less capital returned at 30 June 2024.

Note 7: Investments (continued)

30 June 2025 – indirectly held via the FFICs

As at 30 June 2024, the Fund had made commitments to a number of collective investment vehicles via its FFICs. Capital commitments (local currency), the net cost of the current investments net of returns of capital (Australian dollars), the outstanding commitment (Australian dollars) and the fair value (Australian dollars) of the investments as at 30 June 2024 are shown in the table below.

Description of underlying strategy	Contractual capital committed as at 30 June 2024 Local Currency \$'000	Outstanding commitment as at 30 June 2024 AUD equivalent \$'000	Net capital cost ¹ as at 30 June 2024 AUD equivalent \$'000	Fair value as at 30 June 2024 AUD equivalent \$'000
Alternative strategies	AUD \$14,272,899	20,253	9,228,913	12,580,443
Alternative strategies	USD \$2,293,768	–	1,434,105	2,461,856
Credit	USD \$6,201,407	2,220,736	1,415,500	1,996,445
Global Infrastructure	AUD \$5,608,427	204,246	5,074,383	8,189,276
Global Infrastructure	GBP £106,563	–	102,143	544,528
Global Infrastructure	USD \$978,048	157,846	472,170	537,840
Listed Equities	JPY ¥250,533,500	1,028,885	1,470,148	1,599,856
Private Equity	AUD \$1,734,902	295,545	1,022,158	1,149,776
Private Equity	EUR €2,008,746	962,436	1,694,166	2,250,576
Private Equity	GBP £308,848	438	444,602	384,633
Private Equity	USD \$19,281,928	4,546,685	15,846,349	27,345,755
Property	AUD \$271,150	–	293,376	320,863
Property	EUR €906,745	176,872	593,172	739,241
Property	USD \$941,574	557,221	346,878	281,842
Total		10,171,163	39,438,063	60,382,930

Note(s):

1. Net capital cost includes all capital contributed less capital returned at 30 June 2024.

Note 8: Receivables

	2025 \$'000	2024 \$'000
Receivables		
Franking credits refundable	340,584	462,021
Interest receivable	24,549	17,504
Dividends and distributions receivable	367,656	273,435
Unsettled sales ¹	66,525	2,599,202
Total Receivables	799,314	3,352,162

Note(s):

1. Represents amounts receivable under normal market settlement terms for the sale of investment securities. No amounts presented in the table above are considered to be past due or impaired.

Note 9: Payables

	2025 \$'000	2024 \$'000
Payables		
Unsettled purchases ¹	238,888	2,360,850
Other accrued expenses including management and performance fees payable	136,798	140,588
Total Payables	375,686	2,501,438

Note(s):

1. Represents amounts owing under normal market settlement terms for the purchase of investment securities.

Note 10: Provisions

	2025 \$'000	2024 \$'000
Employee provisions		
Annual leave	6,853	6,127
Long service leave	10,674	8,612
Other employee liabilities	50,894	31,552
Total Employee provisions	68,421	46,291

Note 11: Contributions by Government

	2025 \$'000	2024 \$'000
Opening balance	60,536,831	60,536,831
Contribution from Government – cash	–	–
Closing balance	60,536,831	60,536,831

Note(s):

Contributions are made under Schedule 1 of the Act.

Note 12: Unconsolidated subsidiaries and interests in unconsolidated structured entities

As an investment entity, the Fund does not consolidate any of the subsidiaries listed below.

The Fund also invests via non-controlled structured entities. As these are investments of the Fund they are at their fair value and any undrawn capital is shown as an outstanding commitment which equates to the Fund's maximum exposure to loss from its investment in these entities.

All entities (controlled or non-controlled) have some or all of the following characteristics:

- the requirement for the Fund (or a FFIC entity) to fund future commitments to the entity as called by the investment manager or general partner. These amounts are limited in terms of total value and callable only in accordance with the underlying legal arrangements. These amounts are disclosed in Note 7.3;
- the lack of control over the payment of dividends, distributions or the return of capital from the entity. These are controlled by the general partner or the investment manager in accordance with the legal arrangements entered into upon initial investment;
- limitations on transfer or redemption of the interest in the entity. The Fund ensures that these are normal commercial arrangements for investments of this type, typically existing to protect and treat all investors in an equitable manner; and
- limited recourse to the Fund (ordinarily capped at the commitment or invested capital value) for any claims or liabilities incurred by these entities.

Name of entity	Country of incorporation/ domicile	Equity holding	
		30 June 2025 %	30 June 2024 %
Future Fund Investment Company No.1 Pty Ltd¹	Australia	100	100
Future Fund Investment Company No.2 Pty Ltd¹	Australia	100	100
Future Fund Investment Company No.3 Pty Ltd¹	Australia	100	100
Co-Investment Fund (Parallel) LP ²	United States	100	100
Future Fund Investment Company No.4 Pty Ltd¹	Australia	100	100
Future Fund Investment Company No.5 Pty Ltd¹	Australia	100	100
Elementum Tranquillus Fund Ltd ²	Bermuda	100	100
Clocktower FF LP ²	Cayman Islands	100	100
Future Fund Investment Company No.6 Pty Ltd (Dormant)¹	Australia	100	100
FFH No.3 Trust¹	Australia	100	100
The Freycinet Fund Discretionary Portfolio, Ltd¹	Cayman Islands	100	100
Bain Capital Distressed and Special Situations 2016 (F) LP¹	United States	100	100
Bain Capital Distressed and Special Situations 2016 (F-EU), LP¹	England	100	100
OHA Highlands, L.P.¹	Scotland	100	100
Queenscliff Trust¹	Australia	100	100

Note(s):

[^] Audited by the ANAO.

1. Held directly by the Future Fund.

2. Held indirectly by a FFIC.

Note 13: Cash flow reconciliation

	2025 \$'000	2024 \$'000
Reconciliation of operating result to net cash from operating activities:		
Operating result	27,394,471	18,770,399
Depreciation and amortisation	8,643	8,677
Purchase of investments	(141,258,468)	(172,032,226)
Proceeds from sale of investments	137,036,591	176,288,203
Net gain on revaluation of investments	(24,084,611)	(13,352,800)
Unrealised loss on foreign currency	45,872	55,251
Decrease/(Increase) in accrued income	20,656	(1,422,074)
Decrease/(Increase) in other assets	3,679	(6,716)
Increase in employee provisions	22,130	1,727
(Decrease)/Increase in other payables	(3,790)	39,718
(Decrease)/Increase in deferred tax liability	(39,461)	79,146
Net cash (used in)/provided by operating activities	(854,288)	8,429,305

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks net of any outstanding operating overdrafts. Cash at the end of the financial year is reconciled to the Statement of financial position as follows:

	2025 \$'000	2024 \$'000
Cash and cash equivalents	9,864,727	10,768,488

Note 14: Contingent liabilities and assets

The Fund is not aware of any significant quantifiable or unquantifiable contingency as of the signing date that requires disclosure in the financial statements.

Note 15: Related party transactions

15.1 Parent entity

The ultimate controlling entity of the Fund is the Commonwealth of Australia.

15.2 Subsidiaries

Interests in subsidiaries are set out in Note 12.

15.3 Key management personnel

Key management personnel are defined as the Board, members of the Agency's Senior Leadership Team which includes the Chief Executive Officer, Chief Investment Officer, Chief Operating Officer, Chief People, Culture and Inclusion Officer, Chief Corporate Affairs Officer (from 3 March 2025) General Counsel & Chief Risk Officer, Deputy Chief Investment Officer and the Commonwealth of Australia's Finance Minister and Treasurer. These persons are the only persons considered to have the capacity and responsibility for decision making that can have a material impact on the strategic direction and financial performance of the Fund.

Remuneration of the Finance Minister, Treasurer and Board members is independently determined by the Australian Government Remuneration Tribunal. No member of the Board nor the statutory Accountable Authority receive any entitlement to performance related payments in undertaking their roles. The remuneration of the Finance Minister and Treasurer is not paid by the Fund and is therefore excluded from the compensation disclosed in Note 15.4.

15.4 Key management personnel compensation

	2025 \$'000	2024 \$'000
Short-term employee benefits	7,570,542	6,781,654
Post-employment benefits	362,722	380,023
Other long-term benefits	205,631	493,750
Termination benefits	163,217	–
Total Compensation	8,302,112	7,655,427

Note(s):

The total number of key management personnel that are included in the above table are 16 (2024: 17).

15.5 Transactions with related parties

	2025 \$'000	2024 \$'000
Subscriptions for capital and expenses¹		
Subsidiaries	1,516,614	393,841
Dividend and distribution revenue¹		
Subsidiaries	410,099	203,551
Purchase of investments		
Other Related Parties	346,026	–

Note(s):

1. FFBG subsidiaries excluding FFIC entities. FFIC transactions reflected in FFIC loans (Note 7) and FFIC dividend income (Note 3).

15.6 Terms and conditions

Transactions relating to dividends, distributions and funding of capital and expenses with related parties were made in accordance with the individual legal agreements.

15.7 Transactions with government-related entities

Transactions with other Australian government-controlled entities for normal day-to-day business operations were provided under normal terms and conditions. This includes the payment of workers' compensation and insurance premiums and superannuation. They are not considered significant individually to warrant separate disclosure as related party transactions. See Note 3 for details regarding the franking credits refundable from the Australian Taxation Office.

Note 16: Financial instruments and financial risk management

16.1 Risk management framework

The Board is collectively responsible for the investment decisions of the Fund and is accountable to the Government for the performance of the Fund. The Board's primary role is to set the strategic direction of the investment activities of the Fund consistent with its approved Investment Mandate. This is accomplished through setting the return targets, risk appetite and risk tolerance levels to manage investment risk. The Agency has the task and responsibility of providing considered research and accurate information and reporting to the Board to assist it in undertaking this role. The Agency monitors compliance daily. Reporting to the Board includes compliance with the Board approved investment guidelines and with the Board approved strategic asset allocation.

16.2 Financial risk management objectives

The Investment Mandate set by the Government specifies a benchmark return for the Fund and requires that it take an acceptable but not excessive level of risk. The Board sets and reviews an asset allocation designed to achieve this outcome. It encapsulates a level of risk that is expected to deliver the key return objectives while taking acceptable downside risk. Particular attention is paid to the worst 5% of possible outcomes under portfolio modelling over a three-year period (the 'Conditional Value at Risk' or "CVaR" of the Fund), as well as a measure of the amount of broad equity exposure in the portfolio ('Equivalent Equity Exposure') to ensure that medium-term risk in the portfolio is deemed acceptable whilst pursuing long-term returns.

The portfolio construction process involves considering a range of factors and ensuring that there is adequate diversity so that a negative outcome in any one area does not unduly impact the overall Fund return. The factors considered include the outlook for: global economic growth; inflation; global real interest rates; changes in risk premia attached to various asset classes; movements in the value of currencies held; and changes in liquidity and credit conditions.

16.3 Market risk

Market risk is the risk of loss arising from movements in the prices of various assets flowing from changes in interest rates, exchange rates, equity prices and other prices and derivative contracts tied to these asset prices.

16.3.1 Interest rate risk

Interest rate exposure tables

The exposure to interest rates as at 30 June 2025 of the Fund and the FFICs are set out below.

Financial asset	Floating Interest Rate 2025 \$'000	Fixed Interest Rate 2025 \$'000	Non-interest Bearing 2025 \$'000	Total ¹ 2025 \$'000
Cash and cash equivalents	10,172,397	–	–	10,172,397
Bank bills	–	25,058	–	25,058
Negotiable certificates of deposit	–	6,509,666	–	6,509,666
Corporate debt securities	245,513	2,748,693	–	2,994,206
Mortgage backed securities	179,122	108,775	–	287,897
Asset backed securities	1,648,006	79,745	–	1,727,751
Corporate credit (bank loans)	2,309,801	–	–	2,309,801
Government debt securities	13,286	10,637,327	–	10,650,613
Other interest-bearing securities	425,174	180,671	–	605,845
Other financial assets	–	–	220,486,330	220,486,330
Total financial assets	14,993,299	20,289,935	220,486,330	255,769,564
Notional value of derivative positions				
Swaps (notional amount) – pay	(108,149,252)	(50,415,729)		
Swaps (notional amount) – receive	136,223,261	22,183,214		

Note(s):

1. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes additional interest rate securities and cash and cash equivalents held by the FFICs.

As at 30 June 2025 the Fund's debt portfolio had an effective interest rate duration of 1.21 years (30 June 2024: 1.18 years).

Note 16: Financial instruments and financial risk management (continued)

The exposure to interest rates as at 30 June 2024 of the Fund and the FFICs are set out below.

Financial asset	Floating Interest Rate 2024 \$'000	Fixed Interest Rate 2024 \$'000	Non-interest Bearing 2024 \$'000	Total ¹ 2024 \$'000
Cash and cash equivalents	11,032,889	–	–	11,032,889
Negotiable certificates of deposit	–	3,878,215	–	3,878,215
Corporate debt securities	934,273	4,112,998	–	5,047,271
Mortgage backed securities	376,716	372,327	–	749,043
Asset backed securities	2,516,779	230,849	–	2,747,628
Corporate credit (bank loans)	1,943,227	–	–	1,943,227
Government debt securities	42,129	9,741,578	–	9,783,707
Other interest-bearing securities	401,718	123,933	–	525,651
Other financial assets	–	–	193,498,616	193,498,616
Total financial assets	17,247,731	18,459,900	193,498,616	229,206,247
Notional value of derivative positions				
Swaps (notional amount) – pay	(106,195,626)	(33,414,164)		
Swaps (notional amount) – receive	83,749,931	22,617,677		

Note(s):

- Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes additional interest rate securities and cash and cash equivalents held by the FFICs.

Interest rate derivative contracts

The Fund had open positions in exchange traded interest rate futures contracts and interest rate swap agreements as at 30 June 2025. The Act governs the use of financial derivatives as detailed in Note 2.3.3.

Interest rate derivatives are used by the Fund's investment managers to manage the exposure to interest rates and to ensure it remains within approved limits.

The Fund transacts in interest rate derivatives in the following forms:

- bi-lateral over-the-counter contracts;
- centrally cleared over-the-counter contracts; and
- exchange traded derivatives.

The Fund's bi-lateral counterparties for interest rate swaps include major banking firms and their affiliates. The Fund diversifies its exposure by utilising multiple counterparties, by considering each counterparty's credit rating, and by executing such contracts pursuant to master netting agreements. All bi-lateral swap transactions which are not subject to mandatory central clearing are undertaken using ISDAs. Centrally cleared transactions are cash margined at least daily. The Fund's interest rate futures contracts are cash margined daily with the relevant futures clearing exchange. The notional value of the open positions and their fair value are set out below:

	Notional Value 2025	Fair Market Value 2025	Notional Value 2024	Fair Market Value 2024
	\$'000	\$'000	\$'000	\$'000
Total interest rate derivatives	121,016,205	799,823	90,626,529	114,632

Note(s):

No interest rate derivatives are held by the FFICs.

Interest rate sensitivity analysis

The following table demonstrates the impact on the operating result of the Fund and the FFICs for a 132 basis point (2024: 136 basis point) change in bond yields with all other variables held constant. It is assumed that the basis point change occurs as at the reporting date (30 June 2025 and 30 June 2024) and there are concurrent movements in interest rates and parallel shifts in the yield curves. A 132 basis point (2024: 136 basis point) movement would result in the following impact on the debt portfolios (including interest rate derivatives) contribution to the Fund and FFICs' operating result. The impact on the operating result and equity includes the increase/(decrease) in interest income on floating rate securities from the basis point change.

	30 June 2025 Impact on operating result \$'000
+132 basis points	(3,530,029)
-132 basis points	4,067,701

	30 June 2024 Impact on operating result \$'000
+136 basis points	(3,165,892)
-136 basis points	3,564,217

Note 16: Financial instruments and financial risk management (continued)

16.3.2 Foreign currency risk management

The Fund undertakes certain transactions denominated in foreign currencies and accordingly are exposed to the effects of exchange rate fluctuations. The Board sets a target exposure to foreign currency risk and this is managed utilising forward foreign exchange contracts and other derivatives including commodity futures.

Foreign exchange contracts are used by the Fund's investment managers to manage the exposure to foreign exchange and to ensure it remains within Board approved limits. The Act governs the use of financial derivatives as detailed in Note 2.3.3. The Fund's counterparties for foreign exchange contracts include major banking firms and their affiliates. The Fund diversifies its exposure by utilising major banking firms, by considering each counterparty's credit rating, and by executing such contracts pursuant to master netting agreements. All transactions (other than spot trades) are undertaken using ISDAs.

The Fund and FFICs' exposure in Australian equivalents to foreign currency risk at the reporting date was as follows:

30 June 2025	USD AUD \$'000	EUR AUD \$'000	JPY AUD \$'000	Other ¹ AUD \$'000	Total AUD \$'000
Cash and cash equivalents	6,004,772	898,682	88,307	284,341	7,276,102
Listed equities and listed managed investment schemes	39,416,756	6,277,169	2,488,491	18,436,507	66,618,923
Interest bearing securities	9,649,371	786,259	6,097,091	1,820,829	18,353,550
Collective investment vehicles	53,424,984	6,528,182	3,012,424	517,031	63,482,621
Other investments	1,039,493	196,279	505,271	57,959	1,799,002
Receivables	92,702	65,520	5,559	123,383	287,164
Payables	(194,082)	(21,360)	(1,946)	(3,283)	(220,671)
Total physical exposure	109,433,996	14,730,731	12,195,197	21,236,767	157,596,691
Derivatives					
— buy foreign currency derivatives	56,396,565	10,174,359	7,866,538	44,871,196	119,308,658
— sell foreign currency derivatives	(95,922,200)	(8,181,251)	(4,402,610)	(42,125,868)	(150,631,929)
Total derivative exposure	(39,525,635)	1,993,108	3,463,928	2,745,328	(31,323,271)
Total net exposure	69,908,361	16,723,839	15,659,125	23,982,095	126,273,420

Note(s):

1. Other includes AUD equivalent exposures to other currencies which, when considered individually, are immaterial and an exposure to gold included in the Commodity futures derivative exposure balance.

The Fund and FFICs' exposure in Australian equivalents to foreign currency risk at 30 June 2024 was as follows:

30 June 2024	USD AUD \$'000	EUR AUD \$'000	JPY AUD \$'000	Other ¹ AUD \$'000	Total AUD \$'000
Cash and cash equivalents	4,231,294	854,731	138,521	230,401	5,454,947
Listed equities and listed managed investment schemes	32,645,873	4,367,702	2,088,431	15,723,941	54,825,947
Interest bearing securities	8,890,823	1,423,099	7,058,560	3,048,507	20,420,989
Collective investment vehicles	51,539,896	4,953,246	1,599,856	1,040,714	59,133,712
Other investments	1,763,782	79,752	1,081,554	100,545	3,025,633
Receivables	1,530,356	45,852	1,037,628	142,167	2,756,003
Payables	(1,663,927)	(65,469)	(638,897)	(8,394)	(2,376,687)
Total physical exposure	98,938,097	11,658,913	12,365,653	20,277,881	143,240,544
Derivatives					
— buy foreign currency derivatives	28,759,397	3,903,995	415,924	28,096,691	61,176,008
— sell foreign currency derivatives	(69,247,152)	(5,122,637)	(3,055,464)	(27,812,279)	(105,237,532)
Total derivative exposure	(40,487,755)	(1,218,642)	(2,639,540)	284,412	(44,061,524)
Total net exposure	58,450,342	10,440,271	9,726,113	20,562,293	99,179,020

Note(s):

1. Other includes AUD equivalent exposures to other currencies which, when considered individually, are immaterial and an exposure to gold included in the Commodity futures derivative exposure balance.

Foreign currency sensitivity analysis

The following table demonstrates the impact on the Fund and the FFICs' operating result and equity of 8.06% (2024: 8.28%) movement in exchange rates relative to the Australian dollar at 30 June 2025, with all other variables held constant. If the foreign currency rises against the Australian dollar there will be a positive impact on the operating result (excluding derivatives). It is assumed that the relevant change occurs as at the reporting date and the results presented are shown after taking into account the implementation of the Board's foreign currency exposure policy (that is, the sensitivity is calculated on the net exposure presented on the two previous tables).

	30 June 2025 Impact on operating result \$'000
+ 8.06% movement	13,139,375
– 8.06% movement	(10,995,571)
	30 June 2024 Impact on operating result \$'000
+ 8.28% movement	10,823,430
– 8.28% movement	(9,115,315)

Note 16: Financial instruments and financial risk management (continued)

16.3.3 Equity price risk

Public markets equity price risk

The Fund and the FFICs are exposed to equity price risks arising from public market equity investments. The equity price risk is the risk that the value of our equity portfolio will decrease as a result of changes in the levels of equity indices and the price of individual stocks. The Fund and FFICs hold all of its equities at fair value through profit or loss.

The Fund and FFICs' exposure to public market equity price risk at the reporting date was as follows:

	2025 \$'000	2024 \$'000
Domestic listed equities and listed managed investment schemes	27,083,896	22,741,689
International listed equities and listed managed investment schemes	66,618,923	49,392,148
Total equity price risk exposure¹	93,702,819	72,133,837

Note(s):

1. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes additional public market equities held by the FFICs.

Equity derivative contracts

The Fund had open positions in exchange traded equity futures contracts, exchange traded and over the counter warrants, and over the counter equity option contracts and equity swap contracts as at 30 June 2025. The Act governs the use of financial derivatives as detailed in Note 2.3.3. Equity futures, options and warrants are used to manage market exposures to equity price risk and to ensure that asset allocations remain within approved limits. The Fund's counterparties for over the counter equity options include major banking firms and their affiliates. The Fund diversifies its exposure by utilising multiple counterparties, by considering each counterparty's credit rating, and by executing such contracts pursuant to master netting agreements. All over the counter transactions are undertaken using ISDAs. The Fund's equity futures contracts are cash margined daily with the relevant futures clearing exchange. The notional value of the open contracts and their fair value are set out below:

	Notional Value 2025 \$'000	Fair Market Value 2025 \$'000	Notional Value 2024 \$'000	Fair Market Value 2024 \$'000
Total equity derivatives	82,736,619	1,429,034	27,545,208	1,002,003

Note(s):

1. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes additional equity derivatives held by the FFICs.

Equity price sensitivity analysis

The analysis below demonstrates the impact on the Fund's operating result of the following movements:

- +/– 20% on Australian equities
- +/– 15% on International equities

The sensitivity analysis has been performed to assess the direct risk of holding equity instruments and associated derivatives. The analysis is undertaken on the base currency values of the underlying exposures. Currency risk sensitivity is considered separately in the currency sensitivity table presented in Note 16.3.2. The percentage change for each sub-class noted in the table below is measured with reference to each underlying security's forward looking beta, which is a measure of how the underlying security price would change relative to an absolute increase or decrease in the market portfolio which has a beta of 1 and the impact of equity.

	2025 Impact on operating result \$'000	2024 Impact on operating result \$'000
20% increase in Australian equities	7,807,159	6,076,737
15% increase in International equities	19,309,230	14,497,852
Total	27,116,389	20,574,589
20% decrease in Australian equities	(7,798,475)	(6,017,205)
15% decrease in International equities	(19,482,687)	(14,107,432)
Total	(27,281,162)	(20,124,637)

Note 16: Financial instruments and financial risk management (continued)

16.3.4 Other price risk (collective investment vehicles)

The Fund is exposed to other price risks arising from its investments in collective investment vehicles. The Fund mitigates this risk through diversification of its investments.

As noted in Note 16.6, in the absence of active markets for a particular investment, judgement is required in determining fair value which introduces an increased element of uncertainty in the determination of that fair value. Collective investment vehicle pricing requires this judgement to be exercised in determining appropriate market reference transactions, pricing or earnings multiples, cash flow estimates and market discount rates.

Similarly, when estimating the potential sensitivity of the inputs into the fair values, there is judgement required as to how to determine what a reasonable change in underlying inputs might be in the next financial period. The use of proxy information to assist in determining these sensitivities is detailed below.

Private real estate proxy

A proxy index of publicly traded real estate investment trusts ("REITs") has been created that is appropriate for the geographical exposure of the portfolio.

Private equity proxy

A proxy after consideration of the investment strategy and geographical exposure of each private equity investment has been created. For example, a venture capital strategy is proxied using micro cap equities in the appropriate geography.

Infrastructure proxy

Utilisation of an appropriate index of publicly traded infrastructure companies in the appropriate geography and sector is used as a proxy.

Alternative strategy funds

An appropriate market index of public traded assets or similar alternative strategy funds is used as a proxy.

Other price risk sensitivity analysis

The sensitivity analysis for other price risk using the proxies noted above is incorporated within the interest rate sensitivity analysis and equity risk sensitivity analysis presented earlier in Notes 16.3.1 and 16.3.3.

16.4 Liquidity risk management

Liquidity risk is the vulnerability of portfolio cash-flow management to compromise or failure. In particular, it is the risk that insufficient at-call liquidity is available to meet the Fund's liabilities and obligations as they fall due.

The Fund devotes considerable resources to liquidity risk management and the Liquidity Risk Management Policy is one of the main investment policies that support the investment process and help to ensure that the Fund and the FFICs takes 'acceptable but not excessive' risk.

The implementation of the Liquidity Risk Management Policy relies upon the following primary inputs:

- A daily stress test that is designed to ensure that the Fund hold enough at-call liquidity to meet short-term obligations at all times. If the level of at-call liquidity in the Fund is insufficient to pass this test, it must be replenished;
- A portfolio projection model that forecasts the prospective build of the Fund, based on cash flow projections in a range of different market conditions;
- A contingency plan that is designed to expedite access to alternative forms of at-call liquidity should access to traditional sources be constrained.

The following tables summarise the maturity profile of the Fund and FFICs' financial liabilities, net and gross settled derivative financial liability instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The tables have been drawn up based on the contractual discounted cash flows. As the majority of payments occur within one year, the difference between discounted and undiscounted cashflows is immaterial.

As at 30 June 2025:

	Less than 1 year \$'000	1 to 5 Years \$'000	> 5 Years \$'000	Total contractual cashflows \$'000	Carrying amount (assets)/ liabilities \$'000
2025					
Non-derivatives					
Unsettled purchases	239,713	–	–	239,713	239,713
Other payables	192,326	27,087	1,438	220,851	220,851
Total non-derivatives	432,039	27,087	1,438	460,564	460,564
Derivatives					
Net settled	794,086	–	–	794,086	794,086
Gross settled					
– (inflow)	(33,034,709)	(10,989)	–	(33,045,698)	(33,045,698)
– outflow	35,227,887	11,611	–	35,239,498	35,239,498
Total derivatives	2,987,264	622	–	2,987,886	2,987,886

Note(s):

1. Total balances do not agree with the investment balance reported in Note 7 and the payables balances reported in Note 9 as the FFICs are included in this disclosure.

The Fund may be required to provide cash as collateral to counterparties under legal agreements when derivatives are in a net liability position. Refer to Note 7 for details on cash provided as collateral.

As at 30 June 2024:

	Less than 1 year \$'000	1 to 5 Years \$'000	> 5 Years \$'000	Total contractual cashflows \$'000	Carrying amount (assets)/ liabilities \$'000
2024					
Non-derivatives					
Unsettled purchases	2,380,725	–	–	2,380,725	2,380,725
Other payables	194,674	26,361	8,338	229,373	229,373
Total non-derivatives	2,575,399	26,361	8,338	2,610,098	2,610,098
Derivatives					
Net settled	1,036,185	–	–	1,036,185	1,036,185
Gross settled					
– (inflow)	(44,026,441)	–	–	(44,026,441)	(44,026,441)
– outflow	44,638,592	–	–	44,638,592	44,638,592
Total derivatives	1,648,336	–	–	1,648,336	1,648,336

Note(s):

1. Total balances do not agree with the investment balance reported in Note 7 and the payables balances reported in Note 9 as the FFICs are included in this disclosure.

Note 16: Financial instruments and financial risk management (continued)

16.5 Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time, or from losses arising from the change in value of a traded financial instrument as a result of changes in credit risk on that instrument.

The Board sets limits on the credit ratings of debt investments. These limits are reflected in the underlying investment mandates and are monitored by the Agency with compliance reported to the Board.

The Fund's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of financial position.

The Fund had, at 30 June 2025, an exposure of 2.58% (2024: 1.52%) of its net assets to interest bearing securities issued by domestic banks.

Exposures are measured at the fair value of the underlying securities which is equivalent to their carrying value in the Statement of financial position. Any associated income which is outstanding has been included within the numbers presented. None of these accrued income amounts are past due.

Credit risk derivatives

The Funds' managers utilise credit default swaps to modify exposure to credit risk. The Act governs the use of financial derivatives as detailed in Note 2.3.3.

The Fund transacts in credit default swaps in the following forms:

- bi-lateral over-the-counter contracts; and
- centrally cleared over-the-counter contracts.

The Fund's bi-lateral counterparties for credit default swaps include major banking firms and their affiliates. The Fund diversifies its exposure by utilising multiple counterparties, by considering each counterparty's credit rating, and, where contracts are not subject to mandatory clearing arrangements, by executing such contracts pursuant to master netting agreements. All transactions which are not centrally cleared are undertaken using ISDAs approved by the Fund. Centrally cleared transactions are cash margined at least daily. Managers are required to fully cash back all sold credit protection positions. Outstanding positions are marked to market and collateralisation of out of the money positions is required by each counterparty or the central clearing exchange.

The notional value of the open credit default swap positions, the impact on increasing or reducing credit exposures and their fair value are set out below:

	Notional Value 2025 \$'000	Fair Market Value 2025 \$'000	Notional Value 2024 \$'000	Fair Market Value 2024 \$'000
Buy Credit Protection	—	—	217,211	(9,711)
Sell Credit Protection	242,149	12,746	—	—
Total		12,746		(9,711)

Note(s):

No credit risk derivative contracts are held by the FFICs.

Credit exposure by credit rating

The following table provides information regarding the credit risk exposures of the debt instruments held by the Fund and the FFICs according to the credit ratings of the underlying debt instruments.

	2025 \$'000	2024 \$'000
Long term rated securities		
AAA	394,128	1,139,074
AA	85,329	371,358
A	201,739	1,130,419
BBB	738,235	1,639,402
Below Investment grade/not rated ¹	6,538,801	6,749,948
Short term rated securities		
A-1+/A-1/A-2	24,435,787	24,274,263
Other		
US Government Guaranteed	2,889,215	403,168
Total debt securities and cash	35,283,234	35,707,632
Other non-debt financial assets	220,486,331	193,498,615
Total financial assets²	255,769,565	229,206,247

Note(s):

1. The Fund and FFICs have a number of mandates with managers specialising in managing distressed debt and corporate loans portfolios.
2. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes cash and financial assets held by the FFICs.

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to franking credits which are claimable from the Australian Taxation Office annually in July each year.

There are no overdue contractual receipts due from counterparties as at 30 June 2025 (2024: nil).

Note 16: Financial instruments and financial risk management (continued)

16.6 Fair values of financial assets and liabilities

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of comprehensive income.

16.6.1 Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2. For the majority of its public market investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

16.6.2 Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques employed by the managers the Board has engaged or by the Fund directly. These include the use of recent transactions to the extent these are available and are not distressed transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, the use of independent valuation experts or any other valuation technique that provides an estimate of prices that could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate used is a market rate at the balance date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at balance date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the balance date taking into account current market conditions (for example, volatility and appropriate yield curves).

The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying industry standard option pricing models.

16.7 Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The following tables provide an analysis of financial instruments held at year end that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable market data are classified within Level 2. These include both investment grade and non-investment grade interest bearing securities and over the counter derivatives.

The Fund must appoint investment managers to invest the majority of assets of the Fund under the Act. A significant proportion of these investments are made via pooled investment vehicles which in turn invest in a variety of underlying investments. Such pooled investments are classified as Level 3 investments in these financial statements. The diverse nature of the investments they make on the Fund's behalf means it is not possible to provide additional information in these financial statements regarding how inputs into the valuation of Level 3 investments might change nor the resultant impact on the Statement of comprehensive income that such changes to valuation inputs might trigger.

The Fund ensures that valuation techniques used by managers are consistent with the Fund's accounting policy.

As noted in Note 16.3.4 for collective investments, the Fund has used proxy investment exposures to provide sensitivity information surrounding the possible impact on the income of the Fund should equity or interest rate markets move up or down by a specified amount.

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the beginning of the reporting period. The Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole).

Note 16: Financial instruments and financial risk management (continued)

The tables below provide information on the fair value hierarchy for the Fund and FFICs as at 30 June 2025.

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total ¹ \$'000
Financial assets at fair value through profit or loss:				
Interest bearing securities	–	23,933,170	1,177,667	25,110,837
Listed equities and listed managed investment schemes	93,520,697	11,684	170,438	93,702,819
Collective investment vehicles	–	–	117,798,465	117,798,465
Derivatives	20	6,664,594	–	6,664,614
Restricted Cash	1,351,402	–	–	1,351,402
Total	94,872,119	30,609,448	119,146,570	244,628,137
Financial liabilities at fair value through profit or loss:				
Derivatives	895	2,986,991	–	2,987,886
Total	895	2,986,991	–	2,987,886

Note(s):

1. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes the investment related assets and liabilities held by the FFICs. The difference between the table above and Note 7 is financial asset investments of \$65,220,000.

The following table presents the transfers between levels for the year ended 30 June 2025:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between Levels 1 and 2	(20,085)	20,085	–
Transfers between Levels 1 and 3	8,251	–	(8,251)
Transfers between Levels 2 and 3	–	(141,692)	141,692

The following table presents the movement in Level 3 instruments for the year ended 30 June 2025 by class of financial instrument.

	Interest bearing securities \$'000	Equities and listed managed investment schemes \$'000	Collective investment vehicles \$'000	Total \$'000
Financial assets at fair value through profit or loss:				
Opening balance	936,977	188,610	105,274,613	106,400,200
Purchases	274,697	209,006	20,953,767	21,437,470
Sales	(197,193)	(225,030)	(14,095,731)	(14,517,954)
Transfers into Level 3	141,707	2,072	–	143,779
Gains and (losses) recognised in the Statement of comprehensive income	21,494	6,103	5,665,816	5,693,413
Transfers out of Level 3	(15)	(10,323)	–	(10,338)
Closing balance	1,177,667	170,438	117,798,465	119,146,570

Note(s):

There were no Level 3 financial liabilities.

The Fund must invest the majority of assets of the Fund via investment managers. Listed below are the valuation techniques and significant unobservable inputs for the investments classified in Level 2 and Level 3. Due to the diverse nature of the Fund's investments it is not possible to list the ranges of the inputs.

As at 30 June 2025:

Recurring fair value measurements	Fair Value \$'000	Valuation Technique	Unobservable Inputs
Financial assets at fair value through profit or loss:			
Interest bearing securities	25,110,837	Discounted cash flow Market Approach Broker Quotations Independent Pricing Services Recovery Rate	Discount Rate Earnings Multiple N/A N/A Illiquidity Discount
Equities and listed managed investment schemes	182,122	Discounted cash flow Independent Pricing Services Recent Transaction Recovery Value	Discount Rate N/A N/A Recovery Rate
Collective investment vehicles	117,791,902	Market Approach	Earnings Multiple Net Asset Value
	6,563	Discounted cash flow	Discount Rate
Derivatives	6,664,594	Independent Pricing Services Broker Quotations	N/A N/A
Total	149,756,018		
Financial liabilities at fair value through profit or loss:			
Derivatives	2,986,991	Independent Pricing Services Broker Quotations	N/A N/A
Total	146,769,027		

Note 16: Financial instruments and financial risk management (continued)

The tables below provide information on the fair value hierarchy for the Fund and FFICs as at 30 June 2024.

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total ¹ \$'000
Financial assets at fair value through profit or loss:				
Interest bearing securities	39,631	23,698,135	936,977	24,674,743
Listed equities and listed managed investment schemes	77,546,202	1,934	188,610	77,736,746
Collective investment vehicles	–	–	105,274,613	105,274,613
Derivatives	41	4,132,279	–	4,132,320
Restricted Cash	2,823,337	–	–	2,823,337
Total	80,409,211	27,832,348	106,400,200	214,641,759
Financial liabilities at fair value through profit or loss:				
Derivatives	2,501	1,645,835	–	1,648,336
Total	2,501	1,645,835	–	1,648,336

Note(s):

1. Total balances will not agree with the investment balances reported in Note 7 as this disclosure includes the investment related assets and liabilities held by the FFICs. The difference between the table above and Note 7 is financial asset investments of \$329,665,000 and financial liability investments of \$70,000.

The following table presents the transfers between levels for the year ended 30 June 2024:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between Levels 1 and 2	(1,905)	1,905	–
Transfers between Levels 1 and 3	(35,131)	–	35,131
Transfers between Levels 2 and 3	–	134	(134)

The following table presents the movement in Level 3 instruments for the year ended 30 June 2024 by class of financial instrument.

	Interest bearing securities \$'000	Equities and listed managed investment schemes \$'000	Collective investment vehicles \$'000	Total \$'000
Financial assets at fair value through profit or loss:				
Opening balance	1,207,745	148,199	103,401,267	104,757,211
Purchases	221,316	18,371	11,883,860	12,123,547
Sales	(486,472)	(51,075)	(12,220,344)	(12,757,891)
Transfers into Level 3	4,076	42,390	–	46,466
Gains and (losses) recognised in the Statement of comprehensive income	(5,478)	37,984	2,209,830	2,242,336
Transfers out of Level 3	(4,210)	(7,259)	–	(11,469)
Closing balance	936,977	188,610	105,274,613	106,400,200

Note(s):

There were no Level 3 financial liabilities.

The Fund must invest the majority of assets of the Fund via investment managers. Listed below are the valuation techniques and significant unobservable inputs for the investments classified in Level 2 and Level 3. Due to the diverse nature of the Fund's investments it is not possible to list the ranges of the inputs.

As at 30 June 2024:

Recurring fair value measurements	Fair Value \$'000	Valuation Technique	Unobservable Inputs
Financial assets at fair value through profit or loss:			
Interest bearing securities	24,635,112	Discounted cash flow Market Approach Broker Quotations Independent Pricing Services Recovery Rate	Discount Rate Earnings Multiple N/A N/A Illiquidity Discount
Equities and listed managed investment schemes	190,544	Discounted cash flow Independent Pricing Services Recent Transaction Recovery Value	Discount Rate N/A N/A Recovery Rate
Collective investment vehicles	105,268,689	Market Approach	Earnings Multiple Net Asset Value
	5,924	Discounted cash flow	Discount Rate
Derivatives	4,132,279	Independent Pricing Services Broker Quotations	N/A N/A
Total	134,232,548		
Financial liabilities at fair value through profit or loss:			
Derivatives	1,645,835	Independent Pricing Services Broker Quotations	N/A N/A
Total	132,586,713		

Note 17: Events occurring after reporting date

There have been no significant events occurring after reporting date that would materially affect these financial statements.

Note 18: Special Accounts

18.1 Special Accounts: Future Fund Special Account

Legal Authority – *Future Fund Act 2006*, section 12.

Appropriation authority – section 80 of the PGPA Act.

Purpose – establishment and ongoing operation of the Fund.

Disclosures below are on a cash basis and consolidate departmental and administered items.

Future Fund Special Account	Period from 1 July 2024 to 30 June 2025 \$'000	Period from 1 July 2023 to 30 June 2024 \$'000
Balance carried from previous period	–	–
Bank interest amounts credited	–	–
Appropriations for reporting period	–	–
Other Receipts:		
GST credits	7,986	7,756
Amounts transferred from investment account ¹	657,468	616,968
Amounts credited to the special account	–	–
Total credits	665,454	624,724
Available for payments	665,454	624,724
Payments made:		
Investments debited from the Special Account (FFA s17)		
Payments made		
– Remuneration of Agency staff	100,157	88,049
– Remuneration of Board members	1,119	944
– Suppliers	183,643	175,783
– Investment expenses	373,918	352,024
– Purchase of capital equipment	518	2,048
– Lease liability principal and interest payments	6,099	5,876
Total debits	665,454	624,724
Balance carried forward to next year²	–	–

Note(s):

1. The operations of the Fund are funded via the investment revenue generated.

2. Excluding investments balances, see Note 18.2.

18.2 Special Accounts: Investment of Public Money

Disclosures below are on a cash basis.

Future Fund Special Account: Investment of Public Money under section 17 of the Future Fund Act 2006 (as amended)	Period from 1 July 2024 to 30 June 2025 \$'000	Period from 1 July 2023 to 30 June 2024 \$'000
Opening balance	169,154,060	157,381,934
Investments made on transfer of funds from the Special Account		
Realised investments reinvested	144,998,539	180,036,149
Interest earned reinvested	1,386,421	4,569,817
Dividends received reinvested	3,104,559	3,286,732
Franking credits received reinvested	436,533	1,193,387
Foreign currency realised reinvested	(44,186)	(59,667)
Amounts transferred to operations ¹	(657,468)	(616,968)
Investments realised	(139,038,887)	(176,637,324)
Closing Balance	179,339,571	169,154,060

Note(s):

1. The operations of the Fund are funded via the investment revenue generated.

Note 19: Reporting of outcomes

19.1 Net cost of outcome delivery

Outcome 1: Strengthen the Commonwealth's financial position for the benefit of the Australian people, by managing the investment activities of the Future Fund and certain other Australian Government investment funds in line with their Investment Mandates.

The Fund's net contribution to outcome 1 is disclosed in the Statement of comprehensive income.

19.2 Net cost of outcome delivery – Programs

The Agency has two programs: the management of the investment of the Future Fund and the management of the investment of the Australian Government Investment Funds. These investments are held for and on behalf of the Commonwealth of Australia.

Program 1.1 Management of the investment of the Future Fund.

The Agency supports the Board in investing to accumulate assets for the purpose of offsetting the unfunded superannuation liabilities of the Commonwealth which will fall due on future generations. The net cost of this output delivery is presented in the Statement of comprehensive income.

Program 1.2 Management of the investment of the Australian Government Investment Funds.

The role of the Agency was extended to include supporting the Board in the investment of the assets by the *DisabilityCare Australia Fund Act 2013*, the *Medical Research Future Fund Act 2015*, the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the *Future Drought Fund Act 2019*, the *Disaster Ready Fund Act 2019* and the *Housing Australia Future Fund Act 2023* to support the Board in the investment of the assets of the DCAF, MRFF, ATSILSFF, FDF, DRF and HAFF. The Agency charges a monthly fee to each fund to reimburse the Agency for shared costs paid by the Agency, as agreed with the Department of Finance. During the year the Agency charged the funds a combined amount of \$14,791,221 (2024: \$12,066,668) which is included in other income in the Statement of comprehensive income and the amount owing to the Agency at 30 June 2025 was \$3,855,989 (2024: \$3,437,438). Direct costs to the DCAF, MRFF, ATSILSFF, FDF, DRF and HAFF, such as investment management and custody fees, were charged directly to each fund's Special Account and are not reported as part of these financial statements.

Note 20: Current and non-current assets and liabilities disclosure

AASB 101 requires that for each asset and liability line item, the amount expected to be recovered or settled beyond 12 months is disclosed as set out in the table below:

	As at 30 June 2025 <12 months \$'000	As at 30 June 2025 >12 months \$'000	As at 30 June 2024 <12 months \$'000	As at 30 June 2024 >12 months \$'000
Assets				
Financial assets				
Cash and cash equivalent	9,864,727	–	10,768,488	–
Receivables	799,314	–	3,352,162	–
Investments	45,669,389	199,350,889	36,259,768	178,711,656
Other financial assets	20,309	–	19,383	3,509
Non-financial assets				
Right of use assets	–	25,316	–	26,448
Plant and equipment	–	12,562	–	15,996
Total assets	56,353,739	199,388,767	50,399,801	178,757,609
Liabilities				
Financial liabilities				
Investments	2,987,886	–	1,648,266	–
Payables	375,686	–	2,501,438	–
Lease liability	6,174	28,525	5,912	34,699
Non-financial liabilities				
Employee provisions	53,658	14,763	36,075	10,216
Tax liabilities				
Deferred tax liabilities	–	87,735	–	127,196
Total liabilities	3,423,404	131,023	4,191,691	172,111

Note 21: Budgetary reports

The following tables provide a comparison of the original budget as presented in the 2024–25 Portfolio Budget Statements (“PBS”) to the 2024–25 final outcome as presented in accordance with Australian Accounting Standards for the entity. The budget is not audited.

The 2024–25 budget was based on the assumption that the mandated return is achieved for each forward estimates year. CPI is estimated in these budget numbers. In that context, the budget construct, including related investment costs, was based on the estimated mandated return therefore the actual results will always deviate from these assumed returns.

Due to the volatile nature of investment markets, it is difficult to accurately predict the financial outcomes of the Fund. Further, as PBS financial information is presented in a concise format which differs to the level of information presented in this financial report, the tables below compare actual and budgeted information for the Statement of comprehensive income and Statement of financial position.

Statement of comprehensive income	Year ended 30 June 2025 \$'000	PBS – Administered 30 June 2025 \$'000	PBS – Departmental 30 June 2025 \$'000	Variance 30 June 2025 \$'000
Total income	28,022,780	16,156,876	208,500	11,657,404
Total expenses including income tax	628,309	567,051	208,500	(147,242) ¹
Operating result for the year	27,394,471	15,589,825	–	11,804,646

Note(s):

1. Total expenses were lower than budgeted mainly due to the total budgeted expense estimate based on the consolidation of subsidiaries under accounting standards which is required for budget preparation. As the Fund applies the investment entity standard, expenses incurred in subsidiaries are not included in the financial statements as separate expenses but are included in the change in fair value of the investment entities in which the expenses are incurred.

Statement of financial position	As at 30 June 2025 \$'000	PBS – Administered 30 June 2025 \$'000	PBS – Departmental 30 June 2025 \$'000	Variance 30 June 2025 \$'000
Total assets	255,742,506	241,204,459	97,897	14,440,150
Total liabilities	3,554,427	2,012,753	97,897	1,443,777
Total equity and amount attributable to the government	252,188,079	239,191,706	–	12,996,373

Note 22: Lease Maturity Analysis

The undiscounted maturity analysis of lease liabilities at 30 June 2025 is as follows:

	2025 \$'000	2024 \$'000
Less than one year	6,329	6,098
One to five years	27,383	26,791
More than five years	1,439	8,361
Total undiscounted cash flows	35,152	41,250

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

	2025 \$'000	2024 \$'000
Less than one year	–	603
One to two years	–	626
Two to three years	–	649
Three to four years	–	674
Four to five years	–	699
More than five years	–	908
Total undiscounted lease payments receivable¹	–	4,159

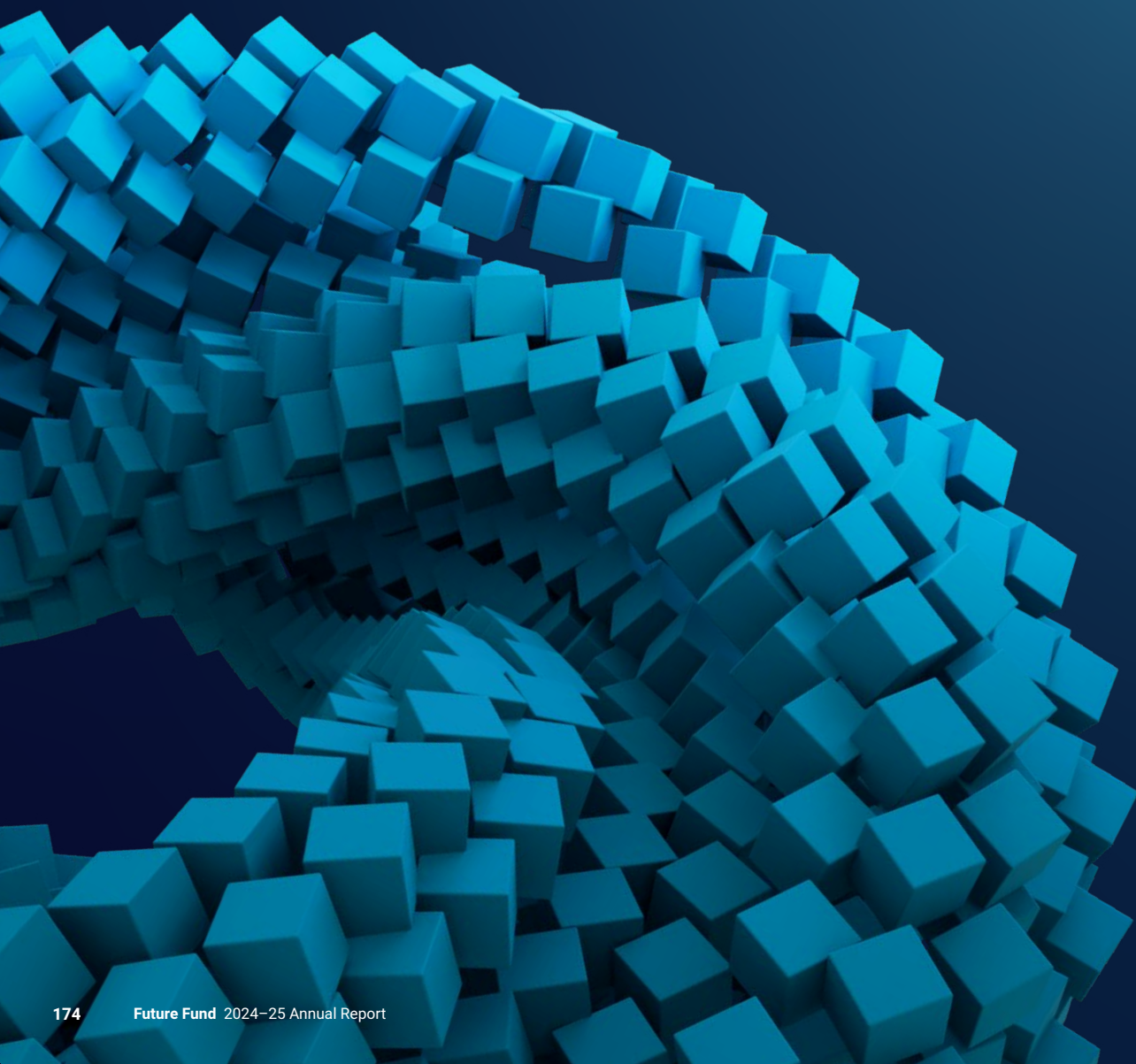
Note(s):

1. The lease agreement was terminated during the 2024–25 financial year.

07



Other mandatory reporting



2024–25 annual performance statement

Introductory statement

As required by the *Future Fund Act 2006* (the Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), this annual performance statement relates to the Future Fund Management Agency (Agency) and the Future Fund Board of Guardians (Board) as if they were a single Commonwealth entity (collectively referred to as the 'organisation').

As the Accountable Authority of the organisation for this purpose, I present the annual performance statement of the organisation, as required under paragraph 39(1)(a) of the PGPA Act.

In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the organisation, and complies with subsection 39(2) of the PGPA Act.

The Hon Greg Combet AO

*Accountable Authority,
Future Fund Management Agency
Chair, Future Fund Board of Guardians*

30 September 2025

Purpose

The Agency is responsible for investing for the benefit of future generations of Australians.

Established in 2006 as Australia's sovereign wealth fund, its main objective is to strengthen the Commonwealth's long-term financial position.

The Board has responsibility for investing the assets of seven special purpose public asset funds including: the Future Fund; the Medical Research Future Fund; the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILS Fund); the Future Drought Fund; the Disaster Ready Fund; the Housing Australia Future Fund and the DisabilityCare Australia Fund.

Each fund is established by legislation, and the risk and return objectives for each of the funds are set by Investment Mandate Directions issued by the Treasurer and Minister for Finance to the Board.

The Agency supports the Board with investing funds for which the Board is responsible, in line with the Investment Mandate Direction for each fund.

The Portfolio Budget Statements identify the outcome as: strengthen the Commonwealth's financial position for the benefit of the Australian people, by managing the investment activities of the Future Fund and certain other Australian Government investment funds in line with their investment mandates (Outcome 1).

Results

As an investment institution, the achievement of the risk and return objectives set by the Government for each special purpose public fund is the key measure of performance.

These expectations are set out in the Investment Mandate Directions issued by the responsible Ministers.

The 2024–25 performance criteria outlined in the 2024–25 Portfolio Budget Statements (Outcome 1, Program 1.1) and the 2024–25 Corporate Plan (section 4, Performance).

Performance against purpose

Performance criterion one – management of the investment of the Future Fund

Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return over the long term (interpreted as rolling 10-year periods), with acceptable but not excessive risk.

The target return set out in the Investment Mandate is an average of at least the CPI + 4.0% to 5.0% per annum over the long term.

Criterion source

The 2024–25 performance criteria outlined in the 2024–25 Portfolio Budget Statements (Outcome 1, Program 1.1) and the 2024–25 Corporate Plan (section 4, Performance).

Results against performance criterion

Performance against the Future Fund Investment Mandate Direction

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception	7.9	6.9
10 years	8.0	6.9
Seven years	8.1	7.3
Five years	9.4	8.4
Three years	9.1	8.0
2024–25 financial year	12.2	6.1

Note(s):

1. The Investment Mandate sets a benchmark target return of at least the CPI + 4.5% to 5.5% per annum to 30 June 2017 and the CPI + 4.0% to 5.0% per annum thereafter.

Performance criterion two – management of the investment of the Australian Government’s investment funds

Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate Direction target returns as follows:

- For the Medical Research Future Fund, an average return of at least the Reserve Bank of Australia cash rate target + 1.5% to 2.0% per annum, net of investment fees, over a rolling 10-year term, with acceptable but not excessive risk
- For the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund, the Disaster Ready Fund and the Housing Australia Future Fund, an average return over the long term of at least the CPI + 2.0% to 3.0% per annum, net of costs, with an acceptable but not excessive level of risk, including having regard to the plausible capital loss from investment returns over the forward three-year period
- For the DisabilityCare Australia Fund, the Australian three-month bank bill swap rate + 0.3% per annum calculated on a rolling 12-month basis. The Investment Mandate requires that investments minimise the probability of capital loss over a 12-month horizon.

Criterion source

The 2024–25 performance criteria outlined in the 2024–25 Portfolio Budget Statements (Outcome 1, Program 1.2) and the 2024–25 Corporate Plan (section 4, Performance).

Results against performance criterion

Medical Research Future Fund

Performance against the Medical Research Future Fund Investment Mandate Direction is set out in the table below.

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception (22 September 2015)	5.1	3.4
Seven years	5.4	3.5
Five years	6.5	3.9
Three years	7.3	5.4
2024–25 financial year	9.0	5.8

Note(s):

1. RBA cash rate + 1.5% to 2.0% per annum over the long term, with an acceptable but not excessive level of risk.

Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILS Fund)

Performance against the ATSILS Fund Investment Mandate Direction is set out in the table below.

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception (1 October 2019)	6.2	5.6
Five years	7.5	6.4
Three years	8.1	6.0
2024–25 financial year	10.3	4.1

Note(s):

1. The CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk.

Future Drought Fund

Performance against the Future Drought Fund Investment Mandate Direction is set out in the table below.

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception (1 April 2020)	7.8	5.8
Five years	7.5	6.4
Three years	8.1	6.0
2024–25 financial year	10.3	4.1

Note(s):

1. The CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk.

Disaster Ready Fund

Performance against the Disaster Ready Fund Investment Mandate Direction is set out in the table below.

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception (1 April 2020)	7.8	5.8
Five years	7.5	6.4
Three years	8.1	6.0
2024–25 financial year	10.3	4.1

Note(s):

1. The CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk.

Housing Australia Future Fund

Performance against the Housing Australia Future Fund Investment Mandate Direction is set out in the table below.

Period to 30 June 2025	Return (% pa)	Target return ¹ (% pa)
From inception (1 November 2023)	8.4	4.2
2024–25 financial year	10.0	4.1

Note(s):

1. The CPI + 2.0% to 3.0% per annum over the long term, with acceptable but not excessive level of risk.

DisabilityCare Australia Fund

In line with its Investment Mandate, the DisabilityCare Australia Fund is invested in long-term deposits and cash.

For the 2024–25 financial year, the Fund delivered a return of 5.1% per annum against a benchmark target of 4.7% per annum.

Analysis of performance against purpose

The stated purpose of the Future Fund is to invest for the benefit of future generations of Australians.

The Fund performed well against the organisation's stated purpose in 2024–25.

This year's strong results reflect our ability to reposition the portfolio for uncertain geopolitical, economic and market conditions.

The 2024–25 year saw equity markets rally sharply, thanks in large part to the strength of the US economy and expectations that US interest rates had peaked and would soon begin to fall.

Private credit and alternatives also delivered strong returns, in alignment with our views that inflation and rates would remain higher and risk markets volatile.

The geopolitical risks we have foreseen for several years continued to play out. Armed conflicts in the Middle East, Russia and Ukraine reflected a tenuous global peace.

The new US administration has heralded an increasingly unpredictable economic climate, marked by challenging tariffs and trade policies.

With ongoing higher inflation, we expect real returns to investors will remain below those of the past 10 years.

Our focus on portfolio resilience ensured that we have relatively low exposure to fully priced equities, low exposure to interest rate risk and a range of inflation hedges.

We continue to reposition the portfolio to align with the New Investment Order, with over \$90 billion in changes in the last year alone.

The annual return for the Future Fund in 2024–25 was 12.2% per annum against a target of 6.1% per annum. The 10-year return was 8.0% per annum against an Investment Mandate target of 6.9% per annum.

Investment returns of \$27.4 billion in the past financial year grew the Future Fund to \$252.3 billion. Since its establishment in 2006, investment returns have added almost \$191.8 billion in value.

The other six public asset funds, which are also invested in by the Board, are performing well.

The Investment Mandate Directions for the Medical Research Future Fund, ATSILS Fund, Future Drought Fund, Disaster Ready Fund and Housing Australia Future Fund set long-term risk and return objectives. Performance should be considered against these long-term objectives.

The Medical Research Future Fund delivered an annual return of 9.0% per annum return against a target return of 5.8% per annum. Since its inception in 2015, it has returned 5.1% per annum against a target return of 3.4% per annum. It is now valued at \$24.5 billion.

The ATSILS Fund delivered an annual return of 10.3% per annum against its target return of 4.1% per annum. Since its inception in 2019, it has returned 6.2% against a target return of 5.6% per annum. It is now valued at \$2.4 billion.

The Future Drought Fund delivered an annual return of 10.3% per annum against a target return of 4.1% per annum. Since its inception in 2020, it has returned 7.8% per annum against a target return of 5.8% per annum. It is now valued at \$5.3 billion.

The Disaster Ready Fund delivered an annual return of 10.3% per annum against a target return of 4.1% per annum. Since its inception in 2020, it has returned 7.8% per annum against a target return of 5.8% per annum. It is now valued at \$4.9 billion.

The Housing Australia Future Fund delivered an annual return of 10.0% against a target return of 4.1% per annum. Since inception in 2023 it has returned 8.4% per annum against a target return of 4.2% per annum. It is now valued at \$10.9 billion.

The DisabilityCare Australia Fund delivered an annual return of 5.1% per annum against the target return of 4.7% per annum. It is now valued at \$17.7 billion.

Total funds managed across all seven funds now stands at \$318.1 billion.

The Agency is well positioned to respond to market conditions as we remain focused on our purpose of investing for the benefit of future generations of Australians.

Resource statement

All costs for investment activity and the operations of the Board and Agency are met from the assets of the funds rather than from the annual appropriations through Parliament.

The Board monitors the annual operating budget of the Agency to ensure the use of resources is appropriate and consistent with the organisation's objectives.

Nonetheless, the Agency is required to publish information in line with the outcome and output statement used by government departments and agencies.

The Future Fund was established in 2006 to strengthen the Australian Government's long-term financial position.

The outcome for the Agency is: strengthen the Commonwealth's financial position for the benefit of the Australian people, by managing the investment activities of the Future Fund and certain other Australian Government investment funds in line with their Investment Mandates.

Future Fund Management Agency resource statement

	Current available appropriation (a) \$'000	Payments made (b) \$'000	Balance remaining (a)-(b) \$'000
Administered			
Special accounts	\$681,629	\$681,629	–
Total special accounts receipts	\$681,629	\$681,629	–
Total resourcing and payments for Future Fund Management Agency	\$681,629	\$681,629	–

Expenses for Outcome 1, 2024–25

Outcome 1: Strengthen the Commonwealth's financial position for the benefit of the Australian people, by managing the investment activities of the Future Fund and certain other Australian Government investment funds in line with their investment mandates.	Budget* 2024–25 (a) \$'000	Actual expenses 2024–25 (b) \$'000	Variation 2024–25 (a)-(b) \$'000
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Program 1.1: Management of the Investment of the Future Fund

Departmental expenses

Special accounts			
Future Fund Special Account	196,017	181,440	14,577
Total for program 1.1	196,017	181,440	14,577

Program 1.2: Management of the Investment of the Australian Government Investments Fund

Departmental expenses

Special accounts			
Future Fund Special Account	12,053	14,791	(2,738)
Total for program 1.2	12,053	14,791	(2,738)

Outcome 1 Totals by appropriation type

Departmental expenses

Special accounts	208,070	196,231	11,839
Total expenses for Outcome 1	208,070	196,231	11,839

Average staffing level

	2023–24	2024–25
Average staffing level (number)	273	339

Note(s):

Full-year budget, including any subsequent adjustments made in the 2024–25 Portfolio Additional Estimates.

Procurement

The procurement of goods and services by the Agency is consistent with the Commonwealth Procurement Rules and is based on the principles of value-for-money; open and effective competition; ethics and fair dealing; accountability and reporting; national competitiveness; industry development; and support for other Australian Government policies.

These principles have been incorporated into the appropriate internal policies, and internal audit conducts probity reviews to help ensure compliance.

The purchase of investment management, investment advisory, master custody, and safekeeping services for the purposes of managing and investing the assets of public asset funds are excluded from the mandatory provisions of the Commonwealth Procurement Rules.

The Agency engages consultancy services in a variety of areas where specialist expertise is not available within the Agency, or where an independent assessment is desirable. This is consistent with the Agency's outsourced business model.

Consultancy services selection processes may include open tender, selective tender, direct sourcing, or the use of a panel, in alignment with Commonwealth Procurement Rules.

Expenditure on reportable consultancy contracts 2024–25

During 2024–25, five new consultancy contracts were entered into, involving a total actual expenditure of \$1,453,451.

In addition, one ongoing consultancy contract was active during 2024–25, involving a total actual expenditure of \$503,251.

Annual reports contain information about actual expenditure on reportable consultancy contracts.

Information on the value of reportable consultancy contracts is available on the AusTender website.

Expenditure on reportable consultancy contracts 2024–25

	Number	Expenditure (GST inc.) \$
New contracts entered into during the reporting period	5	1,453,451
Ongoing contracts entered into during a previous reporting period	1	503,251
Total	6	1,956,702

Organisations receiving a share of reportable consultancy contract expenditure in 2024–25

Name of organisation	ABN	Expenditure (GST inc.) \$	Proportion of 2024–25 total spend %
Accenture Australia Pty Ltd	49 096 776 895	1,022,680	52
Deloitte Touche Tohmatsu	74 490 121 060	503,251	26
Ashurst Australia	75 304 286 095	176,137	9
Enterprise Knowledge Pty Ltd	72 051 111 418	164,889	8
Bevington Consulting Pty Ltd	12 080 534 005	66,948	3

Expenditure on reportable non-consultancy contracts

During 2024–25, 92 new non-consultancy contracts were entered into, involving a total actual expenditure of \$27,969,588.

In addition, there were 249 ongoing non-consultancy contracts that were entered into during the previous reporting period, involving a total actual expenditure of \$53,922,489.

Annual reports contain information about actual expenditure on reportable non-consultancy contracts.

Information on the value of reportable non-consultancy contracts is available on the AusTender website.

Expenditure on reportable non-consultancy contracts 2024–25

	Number	Expenditure (GST inc.) \$
New contracts entered into during the reporting period	92	27,969,588
Ongoing contracts entered into during a previous reporting period	249	53,922,489
Total	341	81,892,077

Organisations receiving a share of reportable non-consultancy contract expenditure 2024–25

Name of organisation	ABN	Expenditure (GST inc.) \$	Proportion of 2024–25 total spend %
Data#3 Limited	31 010 545 267	8,249,113	10
Leaders IT Services Pty Ltd	92 162 113 546	6,511,510	8
Knight Frank Australia Pty Ltd	17 004 973 684	6,025,768	7
Accenture Australia Pty Ltd	49 096 776 895	4,572,317	6
ValueFlow Pty Ltd	15 157 821 880	3,082,814	4

The Agency supports small business participation in the Commonwealth Government procurement market.

Small and medium enterprises (SMEs) and small enterprise participation statistics are available on the Department of Finance's website.

The Agency recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small businesses are available on the Treasury's website.

The Agency's support for small businesses includes using the Commonwealth Contracting Suite for procurements under \$200,000 in accordance with applicable Department of Finance resource management guidance.

Freedom of information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS).

This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 Statement in an annual report.

Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. Information regarding the Future Fund's IPS Plan is available at www.futurefund.gov.au/About-us/access-to-information/information-publication-scheme

Advertising and market research

No campaign advertising was undertaken.

Grant programs

The organisation does not administer any grant programs.

Disability reporting mechanism

Australia's Disability Strategy 2021–2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life.

The Strategy sets out where practical changes will be made to improve the lives of people with disability in Australia.

It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy.

A range of reports on the progress of the Strategy's actions and outcome areas will be published and available at www.disabilitygateway.gov.au/ads

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the Australian Public Service Statistical Bulletin. These reports are available at www.apsc.gov.au

Ecologically sustainable development and environmental performance

The *Environment Protection and Biodiversity Conservation Act 1999* requires the Agency to report on how our activities accord with ecologically sustainable development, and on our environmental performance.

The How we invest section of this report refers to how responsible investment matters are incorporated into investment decision-making, which is our central purpose.

The Agency's Melbourne office at 447 Collins Street was designed to achieve a 5.5 Star NABERS Energy Base Building rating and a 6.0 Green Star rating and was Melbourne's first WELL Platinum-rated office building when it was completed in 2020. This year, we also achieved a 5 Star NABERS rating for our tenancy.

Our building is part of the Melbourne Renewables Energy Project and is powered by 100% renewable energy. It also incorporates the latest technology including energy-efficient facades, high-efficiency air conditioning and capacity for residential electric vehicle charging.

Air quality monitoring, expansive natural lighting, superior ventilation and an emphasis on bicycle access are just a few of the other sustainability features at 447 Collins Street.

Our Sydney office at 100 Market Street has a 5.5 Star NABERS Energy Base Building rating.

The building features energy-efficient air conditioning and lighting systems, as well as a co-generation plant that uses waste heat from the building's electricity generation to supply hot water, and cooling energy from absorption chillers to provide chilled water.

The air conditioning system provides greater control over the ambient temperature and uses more fresh air and less recycled air than conventional methods, ensuring a healthier working environment.

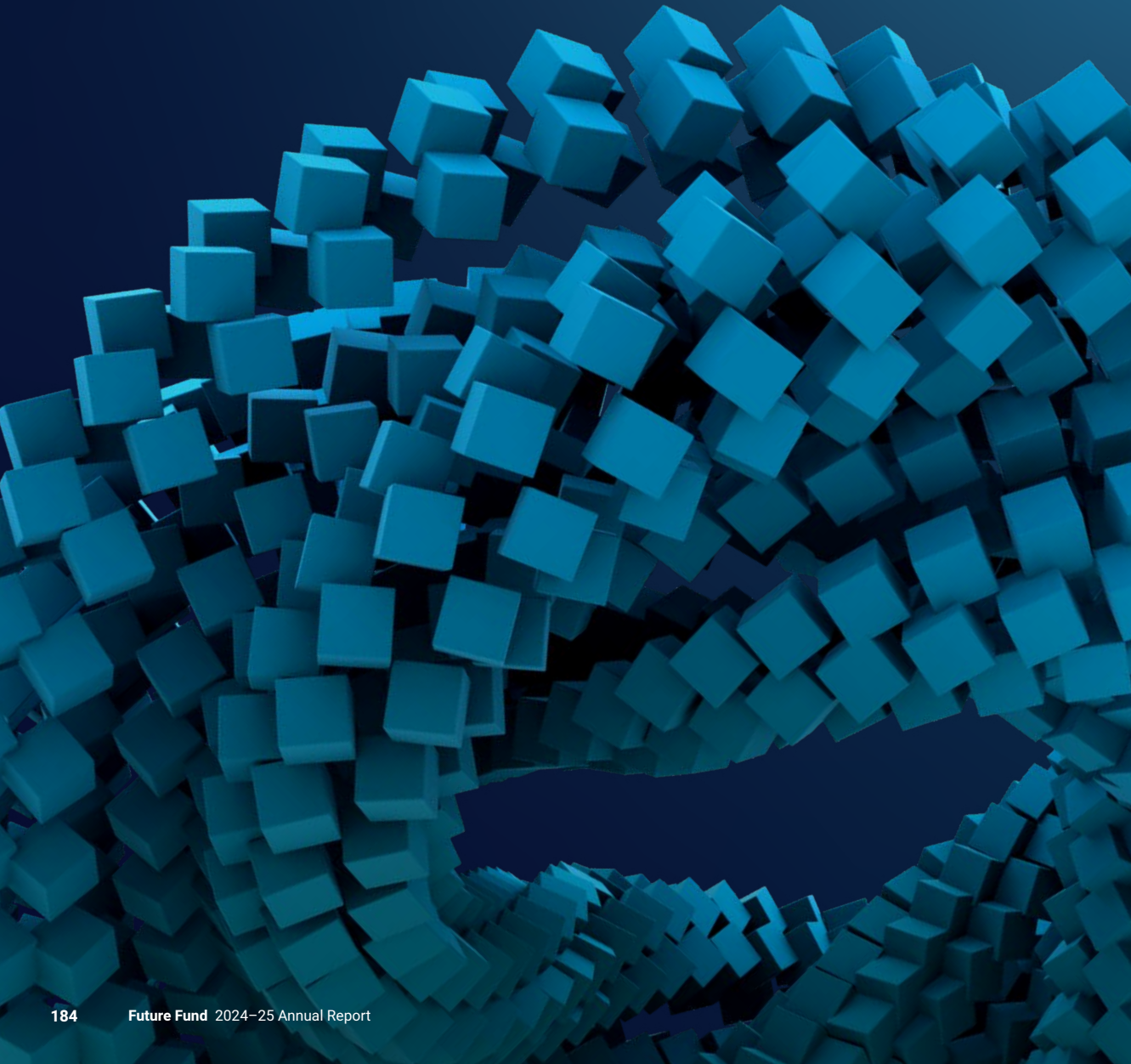
We have robust waste disposal arrangements in place with organic waste bins in each kitchen area, larger recycling bins and the introduction of coffee cup and lid recycling schemes in our Melbourne office.

The Agency offers staff the option to use digital business cards, rather than printed, paper cards. This initiative not only reduces paper usage but also reduces delivery effort and associated carbon emissions from transport and printing manufacturing equipment.

Further information regarding the Agency's Emissions Reduction Plan and its greenhouse gas emissions from operations in 2024–25 is available in the Agency's 2024–25 Climate Disclosure, located at Appendix B.

08

References and index



Investment managers as at 30 June 2025

Asset class	Manager
Equities	
Australian equities	– Macquarie Investment Management
	– Maple-Brown Abbott Limited
	– UBS Securities Australia
Developed market equities	– Effissimo Capital Management
	– Insight Investment Management
	– Legal & General
	– State Street Investment Management
	– UBS Securities Australia
Emerging market equities	– Wellington Investment Management
	– Insight Investment Management
	– Robeco Institutional Asset Management
	– State Street Investment Management
Private Equity	– UBS Securities Australia
	– Advent International Corporation
	– American Industrial Partners
	– Apax Partners
	– Archer Capital
	– Bain Capital
	– Charterhouse Capital Partners
	– GI Partners
	– Hellman & Friedman
	– HG Capital
	– Motive Partners
	– Oakley Capital
	– Parthenon Capital
	– Quadrant Private Equity
	– RCP Advisors
	– Seidler Equity Partners
	– Siris Capital
	– Trustar Capital (previously Citic Capital)
	– The Growth Fund
	– Vitruvian Investment Partners

Asset class	Manager
Venture and growth	– Adams Street Partners – Bessemer Venture Partners – Blackbird Ventures – CDH Investments – Clocktower Technology Ventures – Columbia Capital – FountainVest Partners – Hillhouse Capital – HongShan – Horsley Bridge Partners – Lightspeed Venture Partners – New Enterprise Associates – Playground Global – Quilvest – Sequoia Capital – Xiang He Capital
Special opportunities	– Adams Street Partners – Goldman Sachs Asset Management – Oaktree Capital Management – TowerBrook Capital Partners
Property	
Unlisted	– Altarea Cogedim – Berkshire Property Advisors – Blackstone Real Estate – Brookfield Asset Management – Columbia Pacific Advisors – Greystar Equity Partners – Harbert Management Corporation – Hillwood Investment Properties – ICAMAP Advisory – Logistics Property Company – Macquarie Asset Management Real Estate – Morgan Stanley Real Estate Investing – PEET Limited – Starlight Investments – Corval
Listed	– Legal & General Investment Management Limited – Massachusetts Financial Services
Infrastructure and Timberland	
Unlisted	– Campbell Global – DWS – EQT Partners – Global Infrastructure Partners – Morrison Global – Lotus Infrastructure Partners – Morgan Stanley Infrastructure Partners – Oaktree Capital Management – QIC Global Infrastructure

Asset class	Manager
Listed	– Atlas Infrastructure – DWS – Legal & General Investment Management Limited – State Street Global Advisors
Credit	
High-grade debt	– First Sentier Investors – Goldman Sachs Asset Management – Macquarie Investment Management – M&G Investment Management Limited – PIMCO Australia
High-yield debt	– Ares Management – Bain Capital Credit – Oak Hill Advisors – Oaktree Capital Management
Private debt	– Ares Management – Bain Capital Credit – BlackRock Alternative Advisors – Blackstone Credit and Insurance – Hayfin Asset Management – Kohlberg Kravis Roberts & Co – M&G Investment Management Limited – PAG Holdings Limited – Westbourne Credit Management Limited
Emerging markets debt	– BlackRock Investment Management – Lazard Asset Management – Oaktree Capital Management
Distressed and event driven	– Bain Capital Credit – BlackRock Alternative Advisors – Centerbridge Partners L.P – FitzWalter Capital Partners – Oak Hill Advisors – Oaktree Capital Management – Silver Point Capital
Alternatives	
Low beta – relative value	– Atom Investors L.P. – BlackRock Alternative Advisors – Blackstone Multi-Asset Investing – Citadel Advisors – D.E. Shaw & Co., L.P. – Dymon Asia Capital – MAN FRM – Quantix Commodities – Qube Research and Technologies – Schonfeld Strategic Advisors – Squarepoint Capital – Wellington Investment Management

Asset class	Manager
Low beta – directional	– Bridgewater Associates, Inc – Citadel Advisors – Clocktower Group L.P. – MAN AHL Partners LLP
Insurance-linked securities	– Blackstone Multi-Asset Investing – Elementum Advisors – Hiscox Re Insurance Linked Strategies Ltd
Diversifying	– Ionic Capital Management – MAN AHL Partners LLP – Qube Research and Technologies
High beta	– D.E. Shaw & Co., L.P.
Overlays	
Overlay strategies	– Ashmore Investment Management Limited – Insight Investment Management (Global) – Legal & General Investment Management Limited – Macquarie Investment Management – PIMCO Australia – State Street Global Advisors Limited – UBS Securities Australia Limited
Commodities	– CoreCommodity Management – PIMCO Australia – Quantix Commodities
Cash	
Cash	– First Sentier Investors – Macquarie Investment Management – PIMCO Australia

2024–25 climate statement

Commonwealth Climate Disclosure (CCD) is the Government's policy for Commonwealth entities to publicly disclose their exposure to climate-related risks and opportunities, as well as their actions to manage them. This annual report includes our first climate disclosure, which has been prepared in accordance with the CCD Year 1 Requirements.

In line with the CCD Requirements, the scope of our 2024–25 disclosure relates to our main business operations and people, assets or other infrastructure we relied on to maintain business continuity in 2024–25. These are referred to throughout this disclosure as the Agency's enterprise climate-related risks and opportunities.

This disclosure does not include the Future Fund's investment portfolio. Our disclosure will expand in future years to include disclosures related to the investment portfolio in line with the progressive implementation schedule in the CCD Requirements. However, there is a call-out box at the end of this disclosure providing some context regarding how we manage climate risk in the investment portfolio.

Governance

Effective governance is crucial to enabling the Future Fund Management Agency (Agency) to manage climate-related risks and opportunities in our operations. We have a comprehensive governance framework in place and use existing policies and procedures to manage all our enterprise risks, including climate related risks and opportunities. By embedding Agency enterprise climate risk in existing frameworks, we are delivering on our obligations under the Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024–26.

Refer to the Governance and accountability section of this Report, including the risk management section (pages 36–39) for further information on our approach to governance, risk management, related policies and procedures and the roles and responsibilities of our committees.

Our strategy to reduce our operational emissions aligns with the *APS Net Zero in Government Operations Strategy* and is set out in our publicly available Emissions Reduction Plan.

The Agency's approach to enterprise climate risk governance

Our enterprise climate risk governance is underpinned by our Risk Management Framework, which is established in accordance with the requirements of the Commonwealth Risk Management Policy and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Framework has been endorsed by our Chair as the Accountable Authority under the PGPA Act.

The Agency manages enterprise climate-related risks and opportunities consistent with other types of risks that the Agency faces. The Agency's Risk Management Framework ensures there is a member of the SLT who has overall accountability for different enterprise risk themes and ensuring those risks and opportunities are appropriately identified, mitigated and managed across the Agency.

The Chair, as the Accountable Authority for the Agency, is supported by the Future Fund Board of Guardians' (Board) Audit and Risk Committee (A&RC). The A&RC provides assurance and assistance to the Board and the Accountable Authority in respect of the Future Fund's enterprise risk oversight and management and systems of internal control. The A&RC meets regularly throughout the year at which risks and opportunities are presented and discussed.

The A&RC also consider the current risk landscape, emerging risks and any associated impacts to enterprise risks and their treatment. The A&RC also conducts rolling biennial thematic reviews of enterprise risks, which assess the management of risks, internal controls and residual risk with reference to the Board's risk appetite. In 2025–26 these reviews will include enterprise climate risks identified through the Climate Risk and Opportunity Management Program.

During 2024–25, A&RC was supported operationally by the Operational Risk and Compliance Committee, which assists the A&RC, Accountable Authority and the Chief Executive Officer (CEO) in the effective management of enterprise risks, the scope of which includes the Agency's operational climate-related risks and opportunities.

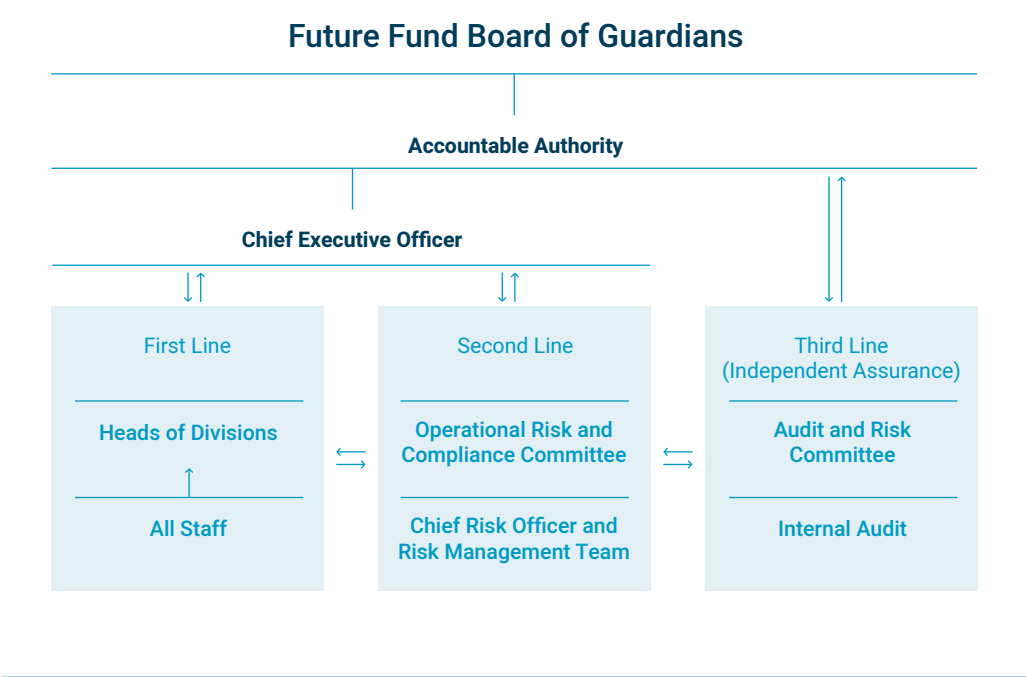
The CEO is responsible for the sufficient allocation of resources, including appropriate skills and competencies, to ensure the successful management of opportunities and risks that may impact the achievement of the Agency's objectives. The risk thematic reviews, which will incorporate climate risks in 2025–26, are the primary mechanism for monitoring whether enterprise risks are being appropriately managed within the Board's risk tolerance ranges.

Our CEO is supported by our Chief Risk Officer (CRO) to oversee our Risk Management Framework and support the effective management and treatment of enterprise risks across the Agency, including climate-related risks and opportunities.

The CEO is ultimately responsible for overseeing and disclosing enterprise climate-related risks and opportunities, as the designated SLT member under the Agency's Risk Management Framework. They are supported by the members of our SLT, who have a key role in risk culture and management as risk owners in their relevant domains. Our SLT members monitor, manage and provide stewardship over our enterprise risks.

The figure facing outlines the Agency's governance structure for managing climate-related risks in our operations.

The roles and responsibilities of our SLT and committees are detailed in the Governance and accountability section of this Report. In addition to these roles, enterprise climate risk is also managed in the Agency through the governance structure and the roles and responsibilities in the chart and table on the following pages.



Note:
This chart does not include the governance structures for the investment portfolio, which will be disclosed in future years of the CCD initiative.

Roles and responsibilities for managing the Agency's enterprise climate-related risks

Role	Responsibilities
Accountable Authority	Under the requirements of the PGPA Act, the Accountable Authority has responsibility for establishing and maintaining an appropriate system of risk oversight and management for the entity. This includes setting and overseeing risk management systems, determining risk appetite, and fostering a positive risk culture.
Board Audit and Risk Committee (A&RC)	Fosters a positive risk culture. Endorses and monitors risk management policies, oversees enterprise risks, the scope of which includes climate-related risks, reviews risk reports, and supports compliance with regulations.
Senior Leadership Team	Promotes a positive risk culture and behaviours, allocates resources, manages and reviews enterprise risks within their respective areas, performs the responsibilities of Material Risk Theme Owner including recommending tolerance ranges and settings to the A&RC and leads during material risk incidents or crises.
Chief Risk Officer	Promotes a positive risk culture. Oversees the design and operation of the Enterprise Risk Framework and associated policies. Promotes risk accountability and provides risk management monitoring and reporting to senior leaders and committees.
Risk owner	Promotes a positive risk culture. Identifies, assesses and manages (using internal controls) the risks in their areas, as well as improving risk processes. Ensures the ongoing effectiveness in the operation of internal controls.
Enterprise Risk Management Team	Promotes a positive risk culture. Creates and maintains risk management frameworks and policies, supports risk assessments, advises on key internal controls, monitors risk indicators, manages incidents, and promotes risk awareness across the organisation. Ensures appropriate monitoring, reporting and education relating to risk and control management.

Note:

This table does not include the roles and responsibilities for managing climate risks in the investment portfolio. These will be disclosed in future years of the CCD initiative.

Climate risk capability

The Commonwealth Risk Management Policy requires that Commonwealth entities have an appropriate level of risk management capability. To ensure our Agency is equipped with the in-house capability to manage enterprise climate-related risks, key internal stakeholders who undertook the 2024–25 climate risk assessment completed all three Climate Risk and Opportunity Management Program (CROMP) training modules. We also encourage participation in the Net Zero in Government Operations GovTEAMS community. Our Responsible Investment Team also has dedicated climate change capability and supported the enterprise climate risk and opportunity assessment of our operations during the year.

We will consider options for broader engagement with the CROMP training modules in the year ahead.

Strategy

Through our enterprise climate risk assessment, we have identified and categorised material organisational climate-related risks and opportunities, which are identified in the below table.

The scope of organisational climate-related risks and opportunities relates to our main business operations and people, assets or other infrastructure we relied on to maintain business continuity in 2024–25.

Categorisation of material enterprise climate-related risks and opportunities

Risk or opportunity statement	Risk/opportunity	Risk type
Health and safety of staff in extreme weather events	Risk	Physical
Safe and reliable access to infrastructure, technology and assets to enable business continuity in extreme weather events	Risk	Physical
Educating stakeholders in climate resilience	Opportunity	Transition

These enterprise risks and opportunity statements have been assessed across a variety of timeframes and climate scenarios. The relevant timeframes include 2030 (short term), 2050 (mid term) and 2090 (long term), as recommended within the CROMP Organisation Application Guide.

Our *Emissions Reduction Plan* outlines the actions we plan to take in the short term (2030) to reduce our emissions and mitigate and manage enterprise climate-related risks.

Effects on our operating model

The current and anticipated effects of our identified material enterprise climate-related risks and opportunities on the Agency's operational model include:

- Reduced staff productivity due to extreme weather events
- Disruption to critical business operations if extreme weather/natural disasters impact staff or service providers safely accessing work environment and required technology
- Supply chain delays or issues impacting access to materials or technologies supporting resilient infrastructure development.

With the likelihood of increased frequency of extreme weather events associated with climate change, we expect these impacts to increase in the future.

The Agency operates out of two offices – our headquarters are in Melbourne and we have an office in Sydney. We expect these impacts to be relevant across both locations.

Risk management

In 2024–25, we commenced our enterprise climate risk and opportunity assessment in accordance with our obligations under the Australian Government’s Approach to Climate Risk and Opportunity Management in the Public Sector 2024–2026, and in line with the CROMP Organisation Application Guide.

The scope of our enterprise climate risk and opportunity assessment was our staff health and safety, corporate infrastructure, technology, assets and operations.

Data sources used for enterprise climate risk and opportunity assessment

Internal data sources	– Risk Management Framework – Risk Management Policy – Business Continuity Plan – Information Technology Disaster Recovery Plan – Input from staff to identify assets, infrastructure and staff that may be at risk from climate change
External data sources	– CROMP’s Organisation Application Guide – NSW Government – AdaptNSW <i>Climate change in Metropolitan Sydney</i> – Victorian Government – Climate Change Victoria – Greater Melbourne Climate Projections 2024 <i>Victorian Climate Science Report Collateral – Regional Reports – Greater Melbourne</i>

Our enterprise risk management process is outlined in the Governance and accountability section of this Report. The Agency’s enterprise risks and opportunities are currently managed and monitored using our existing governance structure and risk systems and policies, including our Risk Management Policy and Risk Management Framework. Risks and opportunities are identified, assessed, prioritised, managed, monitored and reported in accordance with the Framework.

The Agency’s existing approach to assessing risk likelihood and consequence was supplemented by the approach provided in the CROMP to adjust to the relevant climate risk types, noting the longer time horizon of climate-related risks. This provides the Agency the ability to have a consistent approach to assessing risks, giving a relative outcome, while incorporating the specific requirements of enterprise climate-related risks.

We will review and refine this process next year as we continue our work under CROMP. As this is the first year the Agency has undertaken an organisation-focused climate risk and opportunity assessment, our processes have not changed from the previous reporting year.

Our Risk Management Framework and Risk Appetite Statement are aligned with the Commonwealth Risk Management Policy as a matter of good practice. Actions to manage enterprise climate-related risks and opportunities were informed by our Framework.

To support us in undertaking this assessment, we focused on developing knowledge and building capability, using the eLearning CROMP modules on the APS Academy website and participating in CROMP workshops.

Metrics and targets

APS Net Zero

APS Net Zero 2030 is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030 and transparently report on its emissions.

As part of the Net Zero in Government Operations Strategy, non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies are required to report on their operational greenhouse gas emissions. The greenhouse gas emissions inventory presents greenhouse gas emissions over the 2024–25 period.

Results are presented based on carbon dioxide equivalent (CO₂-e) emissions. Greenhouse gas emissions have been calculated in line with the Climate Action in Government Operations Emissions Reporting Framework, consistent with the whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.

Not all data sources were available at the time of the report and amendments to data may be required in future reports.

The Agency's greenhouse gas emissions from operations in 2024–25 are listed below.

Greenhouse gas emissions inventory – location-based method 2024–25

Emission source	Scope 1 (t CO ₂ -e)	Scope 2 (t CO ₂ -e)	Scope 3 (t CO ₂ -e)	Total (t CO ₂ -e)
Electricity (location-based approach)	N/A	341.34	36.34	377.68
Natural gas	–	N/A	–	–
Solid waste	–	N/A	9.70	9.70
Refrigerants	–	N/A	N/A	–
Fleet and other vehicles	–	N/A	–	–
Domestic commercial flights	N/A	N/A	225.78	225.78
Domestic hire car	N/A	N/A	–	–
Domestic travel accommodation	N/A	N/A	54.31	54.31
Other energy	–	N/A	–	–
Total t CO₂-e	–	341.34	326.13	667.47

Note(s):

The table above presents emissions related to electricity usage using the location-based accounting method.

CO₂-e = carbon dioxide equivalent.

N/A = not applicable

Electricity greenhouse gas emissions 2024–25

Emission source	Scope 2 (t CO ₂ -e)	Scope 3 (t CO ₂ -e)	Total (t CO ₂ -e)	Electricity (kWh)
Electricity (location-based approach)	341.34	36.34	377.68	456,958.42
Market-based electricity emissions	302.79	41.12	343.91	373,814.83
Total renewable electricity consumed	N/A	N/A	N/A	83,143.58
<i>Renewable power percentage¹</i>	N/A	N/A	N/A	83,143.58
<i>Jurisdictional renewable power percentage^{2,3}</i>	N/A	N/A	N/A	–
<i>GreenPower²</i>	N/A	N/A	N/A	–
<i>Large-scale generation certificates²</i>	N/A	N/A	N/A	–
<i>Behind the meter solar⁴</i>	N/A	N/A	N/A	–
Total renewable electricity produced	N/A	N/A	N/A	–
<i>Large-scale generation certificates²</i>	N/A	N/A	N/A	–
<i>Behind the meter solar⁴</i>	N/A	N/A	N/A	–

Note(s):

The table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods.

CO₂-e = Carbon Dioxide Equivalent.

N/A = not applicable

Electricity usage is measured in kilowatt hours (kWh).

1. Listed as Mandatory renewables in 2023–24 Annual Reports. The renewable power percentage (RPP) accounts for the portion of electricity used, from the grid, that falls within the Renewable Energy Target (RET).
2. Listed as Voluntary renewables in 2023–24 Annual Reports.
3. The Australian Capital Territory is currently the only state with a jurisdictional renewable power percentage (JRPP).
4. Reporting behind the meter solar consumption and/or production is optional. The quality of data is expected to improve over time as emissions reporting matures.

APS Net Zero 2030 target

We are committed to contributing to the Government's *APS Net Zero 2030 target*. Our approach is publicly available in our *Emissions Reduction Plan* and we will report our progress annually through our climate disclosure. Information on the target is available in the *APS Net Zero 2030 Target Factsheet*.

Our Emissions Reduction Plan was endorsed by our Accountable Authority, who will also monitor its ongoing performance through existing Board reporting processes.

This year we made progress against our Emissions Reduction Plan including:

- Achieved 5.0 star NABERS rating for our Melbourne office
- Explored obtaining a NABERS rating for our Sydney tenancy, which we expect will be completed in the 2025–26 financial year
- Continued to consult with the Department of Finance on the Whole of Australian Government (WoAG) arrangements for electricity procurement.

Given the composition of the Agency's operations, we have limited scope for further reduction of Scope 1 and Scope 2 greenhouse gas emissions beyond energy efficiency initiatives and sourcing of renewable electricity.

To achieve Net Zero Scope 1 and Scope 2 operational emissions by 2030, the Agency has a target of procuring renewable electricity in line with the WoAG arrangements for electricity procurement (when commenced).

Climate risk in the investment portfolio

As an investment organisation, we integrate the consideration of climate change risks and opportunities into our investment processes. While our investment portfolio is not in scope of the CCD Year 1 Requirements, we will make more detailed disclosures in future years in line with the progressive implementation schedule.

The Board recognises climate change as a systemic risk that has the potential to affect financial markets, the broader economy, and long-term investment returns. Scientific consensus and findings from the Intergovernmental Panel on Climate Change (IPCC) demonstrate that greenhouse gas emissions resulting from human activity are contributing to global temperature increases. The consequential changes identified by the IPCC have implications for asset valuations, portfolio resilience, and overall market stability. Policy, regulatory, and societal responses to climate change also present both risks and opportunities for investors.

Australia is a signatory to the Paris Agreement, which seeks to limit global temperature increases to well below 2°C above pre-industrial levels. The Board supports the objectives of the Paris Agreement and recognises that progress on the Paris goals will require complex and complementary global efforts across governments, regulators, corporations, investors and the finance sector, as well as the wider community.

In 2025, the Board approved a number of key governance developments in our responsible investment approach, with the introduction of a new Responsible Investment Belief and Policy (see the Responsible investment section of this Report for further information). Both the Belief and Policy cover our approach to climate change.

The organisation is now executing a multi-year program of work to bring this Belief and Policy to life across the investment portfolio, which will include continuing to build out our approach with regard to climate risks and opportunities.

Climate change is one of the Board's responsible investment priorities. To date we have, and we will continue to take, an integrated and investment-led approach towards understanding both climate transition and physical risks and how they impact on the portfolio.

Appendix C

List of requirements

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

GPA Rule reference	Part of report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	P6	A copy of the letter of transmittal signed and dated by Accountable Authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	P5	Table of contents (print only).	Mandatory
17AJ(b)	P205–207	Alphabetical index (print only).	Mandatory
17AJ(c)	P203–204	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	P198–202	List of requirements.	Mandatory
17AJ(e)	P5	Details of contact officer.	Mandatory
17AJ(f)	P5	Entity's website address.	Mandatory
17AJ(g)	P5	Electronic address of report.	Mandatory
17AD(a)	Review by Accountable Authority		
17AD(a)	P8–9	A review by the Accountable Authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	P12–21	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	P13	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	P12–21, P175–179	A description of the outcomes and programs administered by the entity.	Mandatory
17AE(1)(a)(iv)	P18–21	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	P24	Name of the Accountable Authority or each member of the Accountable Authority.	Mandatory
17AE(1)(aa)(ii)	P24	Position title of the Accountable Authority or each member of the Accountable Authority.	Mandatory
17AE(1)(aa)(iii)	P24	Period as the Accountable Authority or member of the Accountable Authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments, mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory

GPA Rule reference	Part of report	Description	Requirement
17AD(c)	Report on the performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	P175–179	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	P114–173	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	P180	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	P39	Information on compliance with section 10 (fraud and corruption systems).	Mandatory
17AG(2)(b)(i)	P6	A certification by Accountable Authority that fraud and corruption risk assessments and fraud and corruption control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	P6	A certification by Accountable Authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud and corruption that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	P6	A certification by Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud and corruption relating to the entity.	Mandatory
17AG(2)(c)	P22–39	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
	Audit Committee		
17AG(2A)(a)	P29	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	P29	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	P24–28	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	P29	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	P109	The remuneration of each member of the entity's audit committee.	Mandatory
	External scrutiny		
17AG(3)	P22–24	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory

GPA Rule reference	Part of report	Description	Requirement
17AG(3)(b)	N/A	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
Management of human resources			
17AG(4)(a)	P90–96	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	P97–102	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location.	Mandatory
17AG(4)(b)	P97–102	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: — Statistics on staffing classification level — Statistics on full-time employees — Statistics on part-time employees — Statistics on gender — Statistics on staff location — Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	P90–96	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	P102	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	P112	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	P112	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	P113	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	P113	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	P113	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	P113	Information on aggregate amount of performance payments.	If applicable, mandatory
Assets management			
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	P181	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory

GPA Rule reference	Part of report	Description	Requirement
Reportable consultancy contracts			
17AG(7)(a)	P181	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	P181	A statement that <i>"During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory
17AG(7)(c)	P181	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	P181	A statement that <i>"Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."</i>	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	P182	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	P182	A statement that <i>"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."</i>	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	P181–182	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office access clauses			
17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
Exempt contracts			
17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory

GPA Rule reference	Part of report	Description	Requirement
Small business			
17AG(10)(a)	P182	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	P182	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	P182	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
Financial statements			
17AD(e)	P114–173	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive remuneration			
17AD(da)	P103–113	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory
17AH(1)(a)(ii)	P183	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	N/A	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory
17AH(1)(c)	P183	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	P182	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of the FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	P54–89	Information required by other legislation.	Mandatory

Glossary of abbreviations and acronyms

AASB	Australian Accounting Standards Board
ACSC	Australian Cyber Security Centre
AI	Artificial Intelligence
AICD	Australian Institute of Company Directors
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
APS	Australian Public Service
ASFA	Association of Superannuation Funds of Australia
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATSILS Fund	Aboriginal and Torres Strait Islander Land and Sea Future Fund
A&RC	Audit and Risk Committee
CCD	Commonwealth Climate Disclosure
CEFC	Clean Energy Finance Corporation
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CIO	Chief Investment Officer
CPA	Certified Practising Accountant
CPI	Consumer Price Index
CRO	Chief Risk Officer
CROMP	Climate Risk and Opportunity Management Program
CSS	Commonwealth Superannuation Scheme
CvaR	Conditional Value at Risk
DCAF	DisabilityCare Australia Fund
DEIB	Diversity, equity, inclusion and belonging
DRF	Disaster Ready Fund
DRF Act	<i>Disaster Ready Fund Act 2019</i>
DRF Amendment Act	<i>Emergency Response Fund Amendment (Disaster Ready Fund) Act 2022</i>
EEE	Equivalent Equity Exposure
ERF	Emergency Response Fund
ERF Act	<i>Emergency Response Fund Act 2019</i>
EIF	Education Investment Fund
ESG	Environmental, social and governance

EVP	Employee Value Proposition
FBT	Fringe Benefits Tax
FDF	Future Drought Fund
FFIC	Future Fund Investment Company
FFMA	Future Fund Management Agency
FoI Act	<i>Freedom of Information Act 1982</i>
FRR	Financial Reporting Rules
HAFF	Housing Australia Future Fund
GFC	Global Financial Crisis
GST	Goods and Services Tax
ICGN	International Corporate Governance Network
ICT	Information and Communications Technology
IFA	International Fiscal Association
IFSWF	International Forum of Sovereign Wealth Funds
ILN	Investor Leadership Network
ILSC	Indigenous Land and Sea Corporation
IPCC	Intergovernmental Panel on Climate Change
IPS	Information Publication Scheme
ISDA	International Swaps and Derivatives Association
ISSB	International Sustainability Standards Board
KMP	Key management personnel
LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, intersex, asexual
MRFF	Medical Research Future Fund
NAB	National Australia Bank
NABERS	National Australian Built Environment Rating System
NDIS	National Disability Insurance Scheme
OECD	Organisation for Economic Co-operation and Development
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PA	Per annum
PBS	Portfolio Budget Statements
PSS	Public Sector Superannuation Scheme
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
SES	Senior Executive Service
SLT	Senior Leadership Team
SMEs	Small and Medium Enterprises
WCLC	Wellington Climate Leadership Coalition
WHS	Workplace, health and safety
WoAG	Whole of Australian Government

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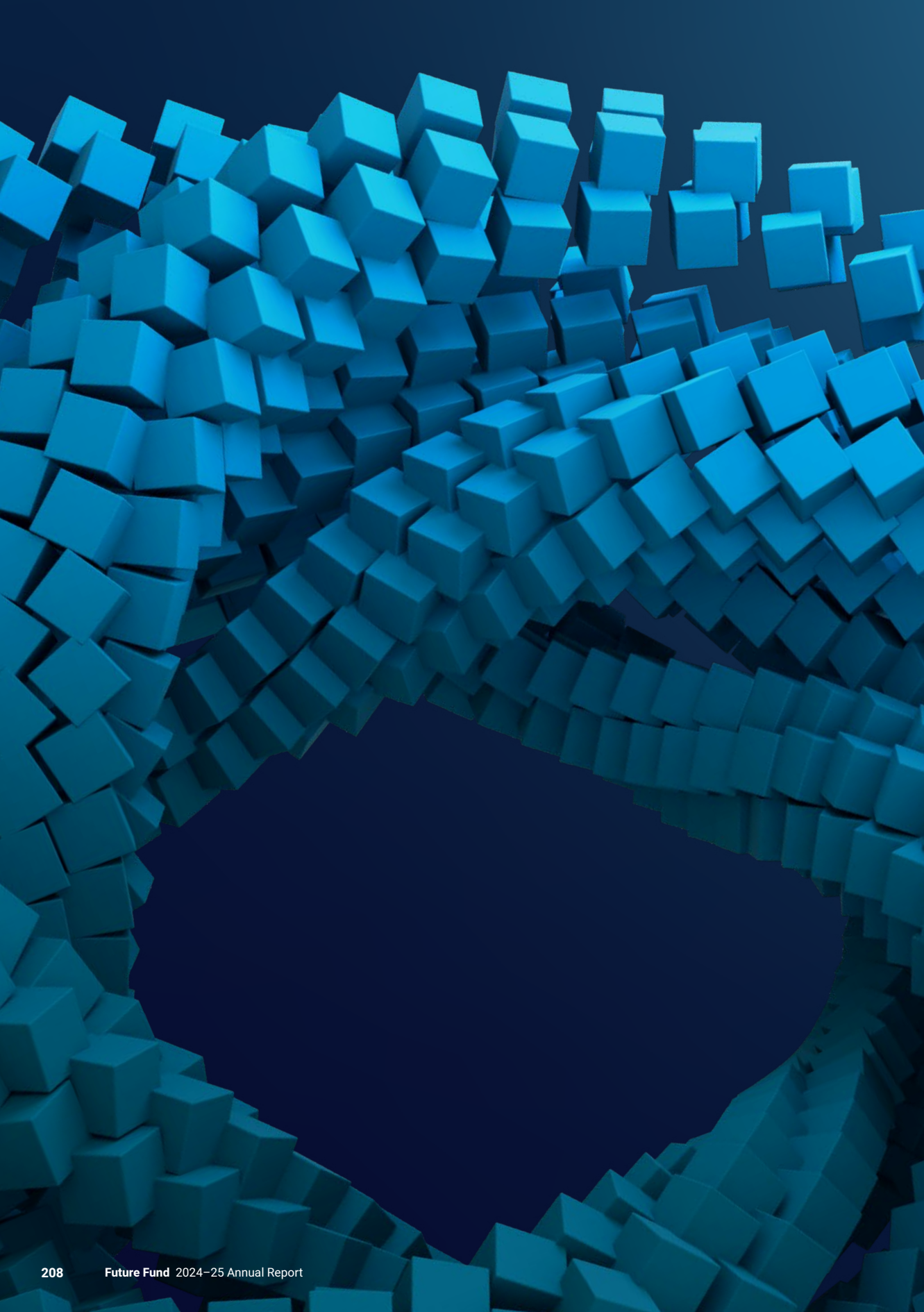
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futurefund

Australia's Sovereign Wealth Fund