

**ESTIMATES BRIEF – Hot Issue**

Supplementary Budget Estimates – October 2025

**INVESTMENT FUNDS - PORTOLIO UPDATE****Investment Funds – Portfolio Update****Subject/Issue**

Future Fund performance as at 30 June 2025.

**Key facts and figures**

- Future Fund recorded a return of 12.2 per cent for 2024-25, adding \$27.4 billion to the fund's value over that period.
- Ten-year return of 8 per cent per annum against target of 6.9 per cent.
- The Future Fund stands at \$252.3 billion.
  - Since establishment in 2006, the Future Fund has generated \$191.8 billion in investment returns.
- Total funds under management for the Future Fund Board of Guardians is \$318.1 billion, which includes six other Australian Government investment funds.
- Benchmark rate of return was exceeded for all investment funds managed by the Future Fund Board.

**Key points**

- The strong result was achieved whilst making significant investments into the Australian economy consistent with the national priorities in the investment mandate.

## INVESTMENT FUNDS - PORTOLIO UPDATE

**Background**

In accordance with the investment mandates, the performance of all the investment funds is measured over the long term (except the DisabilityCare Australia Fund, which is over 12 months). Further information on the performance and asset allocation of the investment funds can be found at Attachment A: Portfolio Update at 30 June 2025.

Fund	Balance (billion)	Return Rate (per cent per annum)	Methodology for Target Rate Calculation
Future Fund	\$252.3	1 year: 12.2 (Target: 6.1) 10 years: 8.0 (Target: 6.9) Since May 2006: 7.9 (Target: 6.9)	CPI + 4% to 5% p.a.*
Medical Research Future Fund	\$24.5	1 year: 9.0 (Target: 5.8) Since 22 Sept 2015: 5.1 (Target: 3.4)	RBA Cash Rate + 1.5% to 2.0% p.a.
Housing Australia Future Fund	\$10.9	1 year: 10.0 (Target 4.1) Since 1 Nov 2023: 8.4 (Target 4.2)	
Aboriginal and Torres Strait Islander Land and Sea Future Fund	\$2.4	1 year: 10.3 (Target: 4.1) Since 1 October 2019: 6.2 (Target: 5.6)	CPI + 2% to 3% p.a.
Future Drought Fund	\$5.3	1 year: 10.3 (Target: 4.1) Since 1 April 2020: 7.8 (Target: 5.8)	
Disaster Ready Fund	\$4.9	1 year: 10.3 (Target: 4.1) Since 1 April 2020: 7.8 (Target: 5.8)	
DisabilityCare Australia Fund	\$17.7	1 year: 5.1 (Target 4.7)	Australian three-month bank bill swap rate + 0.3% p.a.

*\* Prior to 1 July 2017 a target rate of return of CPI+4.5 to +5.5 per cent per annum applied.*

## INVESTMENT FUNDS - PORTOLIO UPDATE

**Supporting information****Questions on Notice**

- No QoNs asked

**Freedom of Information (FOI) Requests**

- No FOIs asked

**Recent Ministerial Comments**

- Nil

**Relevant Media Reporting**

- [Future Fund assets top \\$250b after 12.2pc return](#), Jonathan Shapiro, Financial Review, 9 September 2025

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## INVESTMENT FUNDS - PORTOLIO UPDATE



Australia's Sovereign Wealth Fund



9 September 2025

**Portfolio update at 30 June 2025**

The Future Fund Board of Guardians today released its portfolio update<sup>i</sup> to 30 June 2025.

- Future Fund delivers 12.2% annual return
- 10-year return of 8.0% pa exceeds mandate of 6.9% pa
- Total value of Future Fund tops \$250bn for first time
- Since the Fund was established in 2006 with an initial endowment of \$60.5bn, investment returns have added \$191.8bn to its value

**Hon Greg Combet AO, Chair of the Future Fund Board of Guardians, said:**

"This very strong result has been achieved amidst significant geopolitical upheaval and market volatility, reflecting the quality of the work performed by the Future Fund team in repositioning our portfolio in anticipation of profound changes in global trading conditions.

"Investment returns increased the value of the Fund by \$27.4bn to \$252.3bn. These returns are equivalent to the total interest paid on Australian Government debt, demonstrating the importance of the Future Fund's contribution to Australia's long-term financial position.

"We have achieved these returns whilst also making significant investments into the Australian economy consistent with the national priorities in our new Investment Mandate.

"The Fund uplifted its investment in CDC, the largest data centre developer and operator nationally, ensuring capital support for the productivity growth that will be driven by AI. It will also drive demand for renewable energy and storage.

"We have also made significant investments in infrastructure and housing – including a 10% stake in Transgrid, which is the largest electricity transmission operator and is critical to the energy transition – plus investments in student housing and land lease developments for people transitioning to retirement.

"Whilst this is a particularly pleasing result for the past financial year, our focus remains firmly on the long term, successfully navigating the complexities of the period ahead, and delivering on our purpose to benefit future generations of Australians."

**Dr Raphael Arndt, Chief Executive Officer, said:**

"It has been an excellent year for the Future Fund.

"Investment returns of 12.2% - double the mandated target of 6.1% - reflect the benefit of our thinking about the New Investment Order since 2021 and the changes we have made to the portfolio as a result.

"We increased the level of structural risk in the portfolio to improve long-term real returns and continued to develop the resilience of the portfolio to a range of scenarios by increasing and diversifying our exposure to developed market currencies and commodities, including gold.

"Activity in the portfolio totalled \$90bn and touched on all sectors as we sought more active returns, regional diversification, and enhanced liquidity and flexibility.

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"There were consequential changes in the trading relationships and market dynamics to which investors have become accustomed, and as we assessed they would, returns from risk assets have been well rewarded.

"Equity markets performed strongly over the year and private markets continued to deliver attractive risk-adjusted returns, particularly in infrastructure where we increased our exposure to Australian dollar assets to protect against inflation and currency volatility.

"Private Equity, Credit and Alternatives also made positive contributions to the return. Changes to our exposure to rates and credit have also been well rewarded.

"Over the year the value of the six other funds managed by the Future Fund Board of Guardians increased to \$65.8bn, after providing \$3.9bn towards their intended programs."

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All data in this update is unaudited and may not sum due to rounding.

The ATSILS Fund, Future Drought Fund, Disaster Ready Fund and Housing Australia Future Fund gain exposure to a diversified portfolio through a co-mingled arrangement alongside the Medical Research Future Fund and exposures are provided on a look-through basis.

## INVESTMENT FUNDS - PORTOLIO UPDATE

## Future Fund

## Performance

**Table 1: Future Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From Inception (May 2006)	7.9	6.9	4.6
Ten years	8.0	6.9	4.8
Seven years	8.1	7.3	5.2
Five years	9.4	8.4	5.2
Three years	9.1	8.0	4.6
One year	12.2	6.1	3.7

Notes: For the June Quarter the Future Fund returned 4.8%.

1. From 1 July 2017 the Fund's Investment Mandate target return was reduced from CPI + 4.5% to 5.5% pa to CPI + 4% to 5% pa over the long term, with an acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility in the portfolio.

## Asset allocation

**Table 2: Future Fund asset allocation**

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

## INVESTMENT FUNDS - PORTOLIO UPDATE

**Medical Research Future Fund***Performance***Table 3: Medical Research Future Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From inception (22 September 2015)	5.1	3.4	2.9
Seven years	5.4	3.5	3.2
Five years	6.5	3.9	2.7
Three years	7.3	5.4	2.8
One year	9.0	5.8	1.8

Notes: For the June quarter the Medical Research Future Fund returned 3.3%.

1. RBA cash rate plus 1.5% to 2.0% pa over the long term, with an acceptable but not excessive level of risk.

2. Industry measure showing the level of realised volatility in the portfolio.

*Asset allocation***Table 4: Medical Research Future Fund asset allocation**

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

## INVESTMENT FUNDS - PORTOLIO UPDATE

## Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILS Fund)

### Performance

**Table 5: ATSILS Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From inception (1 October 2019)	6.2	5.6	4.3
Five years	7.5	6.4	3.5
Three years	8.1	6.0	3.5
One year	10.3	4.1	2.4

Notes: For the June quarter the ATSILS Fund returned 4%.

1. CPI + 2.0% to 3.0% pa over the long term, with acceptable but not excessive level of risk.

2. Industry measure showing the level of realised volatility in the portfolio.

### Asset allocation

**Table 6: ATSILS Fund asset allocation<sup>1</sup>**

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

1. Exposures on a look-through basis.

## INVESTMENT FUNDS - PORTOLIO UPDATE

**Future Drought Fund***Performance***Table 7: Future Drought Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From inception (1 April 2020)	7.8	5.8	3.4
Five years	7.5	6.4	3.5
Three years	8.1	6.0	3.5
One year	10.3	4.1	2.4

Notes: For the June quarter the Future Drought Fund returned 4%.

1. CPI + 2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.

2. Industry measure showing the level of realised volatility in the portfolio.

*Asset allocation***Table 8: Future Drought Fund asset allocation<sup>1</sup>**

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

1. Exposures on a look-through basis.

## INVESTMENT FUNDS - PORTOLIO UPDATE

**Disaster Ready Fund***Performance***Table 9: Disaster Ready Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From inception (1 April 2020)	7.8	5.8	3.4
Five years	7.5	6.3	3.5
Three years	8.1	6.0	3.5
One year	10.3	4.1	2.4

Notes: For the June quarter the Disaster Ready Fund returned 4%.

1. CPI + 2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.

2. Industry measure showing the level of realised volatility in the portfolio.

*Asset allocation***Table 10: Disaster Ready Fund asset allocation<sup>1</sup>**

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

1. Exposures on a look-through basis.

## INVESTMENT FUNDS - PORTOLIO UPDATE

### DisabilityCare Australia Fund

The Investment Mandate for the DisabilityCare Australia Fund sets a benchmark return of the Australian three-month bank bill swap rate + 0.3% pa, calculated on a rolling 12-month basis.

The Mandate requires that investments minimise the probability of capital loss over a 12-month horizon.

In line with its Investment Mandate, the DisabilityCare Australia Fund is invested in long-term deposits and cash.

The Fund is valued at \$17.7bn as at 30 June 2025, delivering a return of 5.1% over the last 12 months against a benchmark target of 4.7%.

### Total funds under management

**Table 13: Funds under management at 30 June 2025**

Asset class	Value \$bn
Future Fund	252.3
Medical Research Future Fund	24.5
ATSILS Fund	2.4
Future Drought Fund	5.3
Disaster Ready Fund	4.9
DisabilityCare Australia Fund	17.7
Housing Australia Future Fund	10.9
<b>TOTAL</b>	<b>318.1</b>

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## INVESTMENT FUNDS - PORTOLIO UPDATE

**Housing Australia Future Fund***Performance***Table 11: Housing Australia Future Fund returns, target benchmarks and volatility**

Period to 30 June 2025	Return (% pa)	Target return <sup>1</sup> (% pa)	Volatility <sup>2</sup> (%)
From inception (1 November 2023)	8.4	4.2	2.2
One year	10.0	4.1	2.4

Notes: For the June quarter the Fund returned 4%.

1. CPI + 2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.

2. Industry measure showing the level of realised volatility in the portfolio.

*Asset allocation***Table 12: Housing Australia Future Fund asset allocation<sup>1</sup>**

Asset class	\$m	% of Fund
<b>Australian equities</b>	608	5.6
<b>Global equities</b>		
Developed markets	1,463	13.4
Emerging markets	324	3.0
<b>Private equity</b>	650	5.9
<b>Property</b>	476	4.4
<b>Infrastructure</b>	757	6.9
<b>Credit</b>	2,270	20.8
<b>Alternatives</b>	1,883	17.2
<b>Cash</b>	2,496	22.8
<b>TOTAL</b>	<b>10,928</b>	<b>100.0</b>

1. Exposures on a look-through basis.