



Opening statement

Statement by Dr Raphael Arndt, Chief Executive Officer of the Future Fund Management Agency, to the Senate Finance and Public Administration Committee

Budget Estimates, 21 October 2020, Parliament House, Canberra

On 1 July 2020 I commenced as the Future Fund Management Agency's Chief Executive Officer.

I have been with the organisation for over 12 years, joining as Head of Infrastructure and Timberland in 2008 and going on to serve as Chief Investment Officer from 2014.

I am honoured to now serve as Chief Executive Officer and to bring both continuity and commitment to evolving the organisation for the new challenges ahead.

Sue Brake commenced as Acting Chief Investment Officer on 1 July 2020 and joins me here today.

On Friday, 16 October we tabled our 2019-20 Annual Report in Parliament. The Report provides a comprehensive overview of the performance of the Future Fund and the five other public asset funds and the operation of our organisation in the 2019-20 financial year.

We have made good progress in the pursuit of our objective to strengthen the Commonwealth's long-term financial position.

2019-20 was a challenging year for investors across the globe as the economic fallout of the COVID-19 pandemic impacted investment markets.

The Future Fund weathered the storm well and proved resilient through unprecedented levels of market turbulence. The Fund's diversified portfolio protected its assets from significant losses, with a return of -0.9% for the year to 30 June 2020.

Today we released our portfolio update to 30 September 2020.

The Future Fund has performed well in an exceptionally challenging environment with the impacts of the pandemic continuing to be felt, growing 1.1% in the quarter to \$163bn.

The Board is focused on long-term performance and at 30 September 2020 the Fund had generated a 10-year return of 8.9% pa, exceeding its target return of 6.2% pa.

Year on year returns have been impacted by the rolling off of strong market performance towards the end of 2019 and the impact of market disruption in March and April. Looking forward, sustaining asset prices at current levels will be dependent on ongoing monetary and fiscal support.

F&PA Legislation Committee
Tabled Document No. 10
By: Dr Raphael Arndt
Date: 21/10/20

We remain cautious given that we are yet to see the full economic effect of the COVID-19 induced economic shutdowns around the world and the potential for ongoing fiscal stimulus remains unclear.

Since the Fund was established in 2006 with capital contributions of \$60.5bn, it has earned over \$102bn for the Australian Government.

We also have responsibility for investing the Medical Research Future Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund, the Emergency Response Fund and the DisabilityCare Australia Fund.

In total across the six funds, the Future Fund Board of Guardians now invests \$210bn for the benefit of future generations of Australians.

I welcome your questions.