

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2012-2013**

**Finance and Deregulation Portfolio**

**Department/Agency:** Future Fund Management Agency

**Outcome/Program:**

**Topic:** Controversial weapons

**Senator:** Ludlam

**Question reference number:** F93

**Type of question:** Hansard, F&PA Committee, Page 52, 23 May 2012

**Date set by the committee for the return of answer:** Friday, 6 July 2012

**Number of pages:** 1

**Question:**

**Senator LUDLAM:** One of the indices of the MSCI is about controversial weapons. That takes in cluster weapons—the fund did the right thing and divested from that—nuclear weapons, depleted uranium, chemicals, biologicals and so on. It appears that that work has been done and that it would be very easy for your managers simply to roll your portfolio over that index and see how you score. My final question is: have you done so? On behalf of the people, including me, whose funds you are managing, would you be willing to do so?

**Mr Burgess:** I will take that on notice.

**Answer:**

The Board does not use the MSCI index relating to controversial weapons and has not applied it to the portfolio in the past. MSCI produces indices for a wide range of clients as well as its own index series. These are developed for individual purposes or investment processes and the application of such an index is not consistent with the Board's approach to constructing the portfolio.

The Board makes investment decisions consistent with the framework provided by the legislation and mandate and its investment policies. In line with this, the Board has constructed and maintains a broadly diversified portfolio. In its Statement of Investment Policies the Board has detailed the framework it applies to considering exclusions from the portfolio.