

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Finance and Deregulation Portfolio

Department of Finance and Deregulation

Supplementary Estimates Hearing – October 2010

Outcome: 1, Program 1

Topic: Exposure to hedge funds

Question reference number: F12

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Senator Cormann asked:

Senator CORMANN—So you are saying: ‘Yes, we have increased our exposure to hedge funds, but we will have to take on notice by how much’?

Mr Costello—I think that that would be correct, noting that it would not be a material increase between 30 June level and the end of the September quarter. I would point out that, in a few weeks time, we will be providing a quarterly update on the portfolio as at 30 September and, to the extent that that is included in our alternative assets program, that figure would be provided at that time.

Answer:

At 30 September 2010, the Future Fund’s investment in the Alternative Assets category, which includes ‘hedge funds’ was AUD\$9.553 billion or 14.5% of the portfolio. This compares with an investment of AUD\$9.871 billion or 15.6% of the portfolio at 30 June 2010.

While additional investments were made over the quarter, the reduction in the reported size of the Alternative Assets category reflects the impact of the appreciation of the Australian dollar.