The black and white logo is the Commonwealth coat of arms and comprises of a kangaroo on the left facing right and an emu on the right facing left. In between the kangaroo and emu there is a shield depicting the six symbols of the six states of Australia. Above the shield is a seven pointed star. 
Golden wattle frames the shield and the kangaroo and emu and at the bottom of the shield you will see a scroll containing the word 'Australia'.

**Housing Australia Future Fund Investment Mandate Direction 2023**

We, DR JIM CHALMERS, Treasurer, and KATY GALLAGHER, Minister for Finance, give this Direction under subsection 41(1) of the *Housing Australia Future* *Fund Act 2023*.

Dated ­­­­ ­1 November 2023

JIM CHALMERS KATY GALLAGHER

Treasurer Minister for Finance

**Part 1 Preliminary**

**1. Name of Direction**

This Direction is the *Housing Australia Future* *Fund Investment Mandate Direction 2023*.

**2. Commencement**

This Direction commences on the 15th day after it is given.

Note: Section 42 of the *Legislative Instruments Act 2003* (which deals with the disallowance of legislative instruments) does not apply to this instrument: see section 44 of that Act. Part 6 of that Act (which deals with the sunsetting of legislative instruments) does not apply to this instrument: see section 54 of that Act.

**3. Authority**

This Direction is made under the *Housing Australia Future Fund Act 2023*.

**4. Definitions**

In this Direction:

***Act*** means the *Housing Australia Future* *Fund Act 2023.*

***Board*** means the Future Fund Board of Guardians established by section 34 of the *Future Fund Act 2006*.

***Consumer Price Index*** means the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Bureau of Statistics.

***Fund*** means the Housing Australia Future Fund.

***responsible Ministers*** has the same meaning as in the Act.

Part 2 Direction

**5. Object**

1. The object of this Direction is to give guidance to the Board in relation to its investment strategy for the Fund.
2. The Board must seek to maximise the return earned on the Fund over the long term, consistent with international best practice for institutional investment, pursuant to section 42 of the Act, and subject to its obligations under the Act and any directions given by the responsible Ministers under subsection 41(1) of the Act.
3. This Direction is given under subsection 41(1) of the Act to articulate the Government’s expectations for how the Fund will be invested and managed by the Board. This sets out matters of risk and return for the Fund.

**6. Benchmark return and acceptable level of risk**

1. The Board is to adopt an average return over the long term of at least the Consumer Price Index + 2.0 per cent to + 3.0 per cent per annum, net of costs, as the benchmark return on the Fund.
2. During the initial transition period, as the Board develops a long-term strategic asset allocation, the Government anticipates a return lower than the benchmark return.

*Acceptable level of risk*

1. In constructing a portfolio, the Board:

(a) must determine an acceptable but not excessive level of risk for the Fund; and

(b) must have regard to its obligations under section 15 of the Act.

1. The Government acknowledges:
   1. that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15 per cent to 20 per cent of the portfolio over a three-year period; and
   2. the risk that the Fund’s value may fall below the value (in nominal terms) of the credit(s) to the Fund under section 11 of the Act, as a consequence of investment losses or disbursements that exceed investment returns, net of costs and that the Board does not have any additional obligation to preserve the value (in nominal or real terms) of the total amounts that are credited to the Fund under section 11 of the Act.

**7. Board must consider impacts from its investment strategy**

1. In undertaking its investment activities, the Board must act in a way that:

(a) minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets; and

(b) is unlikely to cause any diminution of the Australian Government’s reputation in Australian and international financial markets.

**8. Corporate governance**

1. 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.

**9. Reporting**

The Board must publish quarterly portfolio updates on its website showing:

1. actual returns against benchmark return; and
2. asset allocations by category.