

## Future Fund's Murray flags 20 years of market volatility

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### Alison Kahler

The chairman of the \$75 billion Future Fund, David Murray, has suggested financial markets and economic conditions could be volatile for 20 years as a result of the turmoil in the US and Europe.

Mr Murray also suggested that many superannuation investors had too much money in sharemarkets and should seek advice as to whether such a strategy was appropriate for their age.

"The global financial crisis was caused by excessive debt that has built up both at the government level and in the private sector in developed countries. The sorting out of that is probably something that could take up to 20 years," Mr Murray told ABC radio on Wednesday morning.

"When governments get into excessive debt, they borrow growth from the future and it takes time for growth to revert to more robust levels and for those reasons activity in markets is weakened."

The Future Fund on Tuesday night reported a 12.4 per cent gain for the 12 months to June 30, excluding its Telstra portfolio, and a 6 per cent a year gain in the three years to the same date.

Since its inception on May 5, 2006, the fund has returned 5.2 per cent a year.

Its Telstra portfolio returned 2.9 per cent in the year to June 30 and the fund said in a written statement that it had continued to reduce its Telstra shares as part of a long-term strategy to cut its holding in an orderly way, without untoward market impact.

Mr Murray told the ABC that the fund's investment strategy was in a more defensive, than aggressive, mode.

"I would caution people to be very careful that they can trade and profit through this situation. They are essentially trading politics and nobody knows which way politicians will jump, it usually depends on what's on the nightly news," he said.

"People with superannuation should simply ask themselves one question: Does the mix they have in their super reflect the stage they're at in their working life today? Far too many people are on a higher risk default option in their super, and that's the one thing people can pay attention to and get some advice about."

The Future Fund had an 11.2 per cent weighting towards Australian shares at June 30, excluding its Telstra holding, a 21.3 per cent weighting to global developed markets and a 5.1 per cent weighting to emerging markets shares.

Its weighting to debt securities was 19.4 per cent, and it also had an 18.6 per cent allocation to alternative assets. Its cash holding was 8.8 per cent.

The Australian Financial Review

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