



# 10

## ANNUAL REPORT

This document is issued by the Trustee QIEC Super Pty Ltd (ABN 81 010 897 480) of QIEC Super (ABN 15 549 636 673) is Corporate Authorised Representative No. 268804 under AFSL No. 238507

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**super**  
first in our class

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This Annual Report was prepared and issued on 15 October 2010 for QIEC Super (ABN 15 549 636 673) by the Trustee of the Fund, QIEC Super Pty Ltd (ABN 81 010 897 480).

QIEC Super Pty Ltd is Corporate Authorised Representative No. 268804 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice in relation to superannuation. QIEC Super is a regulated superannuation fund and complies with the Superannuation Industry (Supervision) Act 1993. QIEC Super also meets the requirements for Choice of Fund.

Further information about the Fund, the Licensee and the Trustee is available by contacting QIEC Super using the contact details provided or from the Fund's website. Upon request the Trustee will provide you with all of the information that the Trustee reasonably believes you would require to make an informed assessment about the management and financial condition and the investment performance of the Fund. The provision of some information may be subject to a charge.

The information provided by QIEC Super is of a general nature and does not take into account your individual financial situation, objectives or needs. If you require such specific advice, you should contact

a licensed Financial Adviser. QIEC Super has appointed QTCU Financial Planning and Outlook Financial Solutions\*\* as the preferred provider of financial planning services to members. Unless your employer is a financial services licensee, they must not give financial product advice about the Fund or recommend a fund.

Superannuation is a long term investment and the value of your investment may rise or fall. If you leave QIEC Super within a few years of joining, you may get back less than you contributed due to the level of investment returns earned by the Fund, the Fund's charges and Government taxes.

The Trustee strives to ensure that QIEC Super always operates in the best interests of members. If you ever have a problem with the Fund, we are keen to address this as soon as possible. For further information about the Fund's complaints resolution procedures please refer to the QIEC Super Product Disclosure Statement (PDS). This document should be read in conjunction with your member statement for the year ended 30 June 2010 if you were a member of QIEC Super at that time.

\*\* QTCU Financial Planning Pty Ltd ABN 35 116 361 650 is a Corporate Authorised Representative (ASIC No: 293929) of Outlook Financial Solutions Pty Ltd ABN 40 083 233 925 Australian Financial Services Licence Number 240959



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# Message from the Chairperson



Welcome to the 2010 QIEC Super Annual Report. This is the one time of year where we can show how we have performed as a fund and also fill you in on any changes or advancements that have taken place. We value member communication at QIEC Super and we hope you find this report useful to your superannuation needs.

It's been a couple of years since the Global Financial Crisis and we are now experiencing some signs of growth with our investment returns. I am pleased to be able to say that QIEC Super, your industry super fund, has performed well.

The next year looks even better for QIEC Super as we plan to introduce a revolutionary new 'limited personal advice' online system. More information will follow in the coming months.

## Investing for your retirement

I would like to remind all our members that QIEC Super has 10 investment options to choose from. We like to give you greater control over how your super is invested. See pages 5-8 for more information.

## Investment returns

While investors have seen continuing volatility in local and global markets over the last financial year, it is pleasing to see positive returns again being allocated to member accounts, after the disappointing results of the previous 2 years. QIEC Super continues to actively monitor the Fund's investment portfolio, and is working hard to build solid returns for members over the long term. Remember that superannuation is a long term investment and long term returns are the most important consideration.

QIEC Super's investment return for the Balanced Growth option in the 2009/10 financial year was 8.30%\* p.a. and an average of 5.70%\* p.a. over the past 10 years.

## Financial planning

It's not easy to decide which investment option is best for you or how much insurance cover you need. That's why we've formed a partnership with Queensland Teachers Credit Union Financial Planning (QTCUFP) which is a Corporate Authorised Representative of Outlook Financial Solutions Pty Ltd (ABN 40 083 233 925) under ASIC No. 293 929. They are a financial advisory service that provide simple and clear financial planning advice. Just call QIEC Super if you need to talk to a QTCUFP/Outlook coach.

## Fund performance

QIEC Super has again been awarded a Platinum rating (the highest rating level) for its Super and Pension products from SuperRatings<sup>^</sup>, the leading independent research and ratings firm in Australia. These ratings and awards are an indication of the high standards of policies and processes in governance, investments, insurance, administration and member services which have been achieved by the Fund.

At QIEC Super our mission as a fund is to assist our members to attain life-long financial security. Please feel free to contact us at anytime to discuss your superannuation needs.

**Allan Fazldeen**  
CHAIRPERSON

\* See pages 5-8 for this year's returns

<sup>^</sup>SuperRatings Pty Limited

(ABN 95 100 192 283) holds AFSL No. 311880



# QIEC Super Soapbox

## Member Investment Choice

You now have more choice when it comes to investing in your super. QIEC Super has 10 member investment choice options for you to choose from.

QIEC Super has options to suit all types of investors - from low risk options like Cash and Fixed Interest to high risk options like International Equities or High Growth. You don't have to put all your money into one option - you can mix and match them if you wish. Provided the percentages in each option is in multiples of 5% and the total adds to 100%. You can nominate one investment option, or a mix of different options, separately for your Existing Account Balance and for your Future Account Balance (i.e. future contributions and rollins), if you wish.

To make your choice or to find out more, refer to the current QIEC Super PDS and Member Investment Choice and Asset Classes Fact Sheet available at our website or call 1300 360 507 for a copy.

## My Benefits - Discount Insurance

QIEC Super has teamed up with QBE Insurance to offer our members great discounts on insurance products. QIEC Super is proud to offer you the following discounts as part of our continually evolving 'My Benefits' Insurance program:

- 30% off Travel Insurance
- 10% off Home and Contents Insurance
- 6% off Motor Vehicle Insurance
- 10% off Landlord Insurance

To apply or get a quote, go to [www.qiec.com.au](http://www.qiec.com.au) and click on the Members tab and then the 'My Benefits - Discount Insurance' tab.

## Member service

If you need help with your super, we have two, experienced Client Services Managers (CSMs), Rita Svensson and Mark Frankel to assist. Our CSMs are there to service our employers and members across Queensland. They can visit employers and speak to employees about all things super related. Why not give them a call if you need assistance.

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To find out more information, go to [www.qiec.com.au](http://www.qiec.com.au) and download a copy of our PDS or call us on 1300 360 507, 8.00 am to 5.00 pm, Monday to Friday.

## Legislative update

### Increasing the superannuation guarantee (SG) rate to 12%

The uplift in contributions from the current rate of 9% is planned to be phased in gradually as shown in the following table:

Year	Rate(%)
2013-14	9.25
2014-15	9.50
2015-16	10.00
2016-17	10.50
2017-18	11.00
2018-19	11.50
2019-20	12.00

### Catch-up super contributions

The Government has decided to provide permanent relief for the concessional contributions limit for members aged 50 and over. However, a number of conditions apply.

■ The current transitional arrangements will continue to apply up to 30 June 2012. That is, members aged 50 and over can contribute up to \$50,000 in concessional contributions each financial year, without exceeding the concessional contributions limit.

■ From 1 July 2012, a permanent \$50,000 concessional contributions limit will

apply for members aged 50 and over, who have less than \$500,000 accrued in their super.

■ Members aged 50 and over, with \$500,000 or more in their super, will continue to have the \$25,000 concessional contributions limit applied.

### Permanent reduction to the Government co-contribution

In the 2009-10 Federal Budget, the Government announced a temporary reduction to the co-contribution - it was intended that the co-contribution would be reduced from \$1,500 to \$1,000 for a period of 3 years, before increasing to \$1,250 for 2 years, and then returning to \$1,500 from 1 July 2014.

Through the 2010-11 Federal Budget, the Government announced that its superannuation co-contribution would be permanently reduced to \$1,000.

The 2010-11 Budget announcements override this temporary reduction, so that going forward, the Government co-contribution will always be \$1 for \$1, up to a maximum co-contribution of \$1,000.

This will be partially offset by the \$500 Government contribution for low income earners, but only for those earning below \$37,000 - whereas, the co-contribution applies for incomes up to \$61,920.

### Raising SG age limit to 75

Currently, employers are only required to pay SG contributions for employees who are under the age of 70.

The Government has announced that this age will increase to age 75 from 1 July 2013.

■ Until 30 June 2013, employers will make SG contributions for eligible employees under the age of 70 (i.e. up to and including age 69)

■ From 1 July 2013, employers will make SG contributions for eligible employees under the age of 75 (i.e. up to and including age 74)

### Government super contribution for low income earners

If you earn less than \$37,000 per annum, the Government will pay up to \$500 each year direct into your super account. This will commence in the 2012-13 financial year, with the first payments to be paid into super accounts in the 2013-14 year. This is in addition to the Government Co-contribution Scheme.

PLEASE NOTE: All Government announcements are proposals only at this stage. They are not definite until the legislation for these proposals has been introduced and passed by Parliament.

# Investments

## Investment update - June 2010

Investors have seen large fluctuations in global markets over the last financial year, with the strength of the global economic recovery experienced in the second half of 2009 and early 2010, somewhat muted in recent months. The importance of portfolio diversification has been highlighted, with mixed results across the range of major asset classes. In this environment of wide-ranging asset class returns, QIEC Super's pre-mixed portfolio options have outperformed their investment objectives for members over the 2009/10 financial year.

The Australian share market performed strongly over the 2009/10 financial year. Gains in the first half of the period were driven largely by Chinese demand for Australian resources and a recovery in the Financials and Consumer-led sectors. However, the return in investor confidence subsided in recent months, with growing concerns that China's economy is slowing down, uncertainty surrounding the introduction of a new resources tax, and fears around the government debt issues seen within Europe.

The Australian and international corporate and government bond markets generated strong returns over the financial year, in contrast to the returns seen from corporate bonds last financial year. QIEC Super's bond sector performed particularly well, as the underlying fund managers benefitted from the improved credit market conditions and investor confidence. The unlisted property sector generated moderate returns for the financial year, reflecting an improved sentiment for the property sector over the latter half of the financial year and valuation improvements that offset the negative revaluations seen in 2009. In contrast, QIEC Super's infrastructure allocation provided solid returns, as Australia's economic activity improved, resulting in positive revaluations of the major infrastructure assets held.

QIEC Super's long term average returns are below:

Financial Year 30 June 2010	Balanced Growth p.a.	Conservative Growth p.a.*	High Growth p.a.*
10 years	5.70%	5.84%	7.05%
5 years	3.68%	4.31%	3.43%

\* Option commenced Feb 2004

\* Average\* is the compound average of the crediting rates over the past 5 and 10 years or shorter period when that option was introduced at a later date.

## QIEC Super's Investment Strategy

The Trustee aims to achieve the investment objectives of the Fund through an investment strategy that keeps the asset allocation within ranges set by the Trustee. Professional fund managers are appointed to manage funds within mandated asset classes. The Trustee regularly monitors the aggregate asset allocation of the Fund.

The Trustee implements the investment strategy by undertaking to:

- Appoint professional fund managers for the investment of Fund assets, who will be expected to achieve returns equal to or better than the average, as compared with other appropriate sectors, without exposing the Fund to undue risk;
- Obtain professional investment advice to assist them in decisions on investments and in the monitoring of performance;
- Review the Fund's long term asset mix and performance of investments every 12 months;
- Monitor, on a quarterly basis, the direction of cash flow to fund managers and investment products; and
- Meet at least once a year with each fund manager to discuss their strategy and their performance.

## How is interest allocated to your account?

From 1 December 2009 the Trustee adopted a process of declaring monthly crediting rates and applying these to member accounts. Prior to this, rates were declared at the end of each calendar quarter.

## Monthly Crediting rates

The Trustee will declare a monthly crediting rate for each investment option. These rates are determined by the Trustee with regard to the actual investment return on the Fund's assets after estimated tax and expenses. The declared monthly crediting rates are applied to members' accounts following the end of each financial year, or on earlier exit, based upon the transactions in each month. Interest is calculated from the date of each transaction for the remaining days in the month. Interest then compounds at the end of each month. Where there is a switch of investment options, the relevant declared rates will be applied for each option. The interest rate can also be negative, in line with movements in investments, in which case the interest applied will be negative.

## Interim Monthly Crediting Rates Policy

If you leave the Fund before the Trustee has declared the monthly crediting rate(s), monthly interim rates are used. The Trustee determines the interim rate(s) based upon benchmark returns which reflect the investment performance for each investment option at that point in time. The interim rates are reviewed regularly to reflect movements in investment markets and may change without notice.

## Reserves

From 1 July 2003, the Trustee ceased to maintain an investment reserve (but continues to maintain an Administration reserve). Members are credited with the earnings from the underlying investments in each option net of taxes and investment expenses.

The Administration Reserve is used to pay for administration, legal, audit, investment consulting and other professional services provided by the Fund.

## History of Reserves

Year ended	Amount	% of members' funds
30 June 2010	\$923,965	0.16%
30 June 2009	\$549,606	0.11%
30 June 2008	\$804,554	0.17%
30 June 2007	\$2,556,177	0.54%
30 June 2006	\$1,577,767	0.44%

## Derivatives

QIEC Super uses derivatives either to protect the value of its portfolios or to manage them efficiently within set asset allocation ranges. On the advice of the QIEC Super investment adviser, the QIEC Super Trustee may use currency hedges directly to protect the value of QIEC Super's overseas investments. Derivatives will not be used for speculative purposes.

The fund managers are permitted to use futures, options and other derivative instruments to assist with the effective management of the Fund's assets. However, these instruments must not be used to gear the portfolio. The Trustee expects that the use of derivatives will be used to enhance the return of the portfolio or to control the volatility in returns of the portfolio. Derivatives may only be used in a conservative manner, or to control the volatility in returns of the portfolio.

# Member Investment options

## Which option(s) are best for me?

QIEC Super has prepared a Member Investment Choice and Asset Classes Fact Sheet, which provides information on each asset class and the risks involved in investing. Please call 1300 360 507 for a copy or visit [www.qiec.com.au](http://www.qiec.com.au). If you need more assistance, you can also call QIEC Super to be referred to an advisor to help select the best option(s) for you.

## How do I make an investment choice?

1. Please read the QIEC Super PDS and the Member Investment Choice and Asset Classes Fact Sheet and pages 5 -8 of this document. Then choose one investment option or a mix of different options, separately for your Existing Account Balance and your Future Account Balance provided the percentage in each option is a multiple of 5% and the total adds to 100%. You can choose from any of the investment options listed on pages 6-8. **Please note, the Balanced Growth option is the default option should you not exercise a choice.**
2. Simply complete a Member Investment Choice Form available at [www.qiec.com.au](http://www.qiec.com.au) and send it back to us. It's that easy!

## Still need more information?

Read the Spring 2010 edition of our quarterly member newsletter, *noted*, to get an understanding of:

- risk and reward
- managing risk
- where you sit on the risk scale after completing our "what type of investor are you" quiz, and
- the four types of investors - conservative, moderate, cautious and aggressive.

You can download a copy of the newsletter from our website, [www.qiec.com.au](http://www.qiec.com.au) under the Members/Publications section.

## Conservative Growth<sup>#</sup>

### Annual returns at:

30 June 2010	7.26%
30 June 2009	-4.20%
30 June 2008	-0.40%
30 June 2007	9.90%
30 June 2006	9.80%
<b>5 year average**</b>	<b>4.31%</b>

### Investment objectives:

To provide consistent returns with a reduced level of risk. Earnings should exceed inflation by 2% p.a. in three out of four rolling three-year periods.

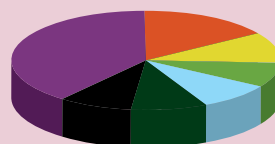
### Investment Strategy:

This option has a balanced asset allocation, with a relatively high exposure to defensive assets.

### Strategic asset allocation

**Growth 34.5% Defensive 65.5%**

■ Australian Equities .....	16.0%
■ International Equities .....	10.0%
■ Direct Property .....	8.0%
■ Infrastructure .....	9.0%
■ Australian Fixed Interest .....	9.0%
■ International Fixed Interest .....	9.0%
■ Cash .....	39.0%



### Type of investor this would suit:

Investors with a time horizon of at least three years, and those whose aim is to achieve consistent returns with reduced levels of risk.

### Suggested investment period:

At least 3 years

### Risk of negative return:

1 in 20 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Balanced Growth (default)<sup>#</sup>

### Annual returns at:

30 June 2010	8.30%
30 June 2009	-12.88%
30 June 2008	-5.95%
30 June 2007	16.10%
30 June 2006	16.30%
<b>5 year average**</b>	<b>3.68%</b>

### Investment objectives:

To obtain higher returns over the long term with a higher level of risk than the conservative growth option. Earnings should exceed inflation by 3% p.a. in three out of four rolling five-year periods.

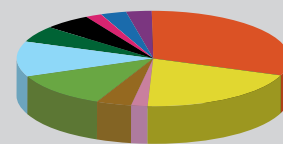
### Investment Strategy:

This option invests in a diversified set of asset classes with a bias towards growth assets.

### Strategic asset allocation<sup>A</sup>

**Growth 72% Defensive 28%**

■ Australian Equities .....	31% (25-38%)
■ International Equities .....	20% (15-25%)
■ Australian Private Equity .....	2.0% (0-4%)
■ International Private Equity .....	4.0% (0-5%)
■ Direct Property .....	12.0% (5-17%)
■ Infrastructure .....	12.0% (5-15%)
■ Australian Fixed Interest .....	5.5% (0-10%)
■ International Fixed Interest .....	5.5% (2-10%)
■ Unlisted Debt .....	2.0% (0-8%)
■ Opportunistic Growth .....	3.0% (0-8%)
■ Cash .....	3.0% (0-8%)



### Type of investor this would suit:

Members with an investment horizon of at least 5 to 7 years.

### Suggested investment period:

At least 5 to 7 years

### Risk of negative return:

1 in 8 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

\*\* Average is the compound average of the crediting rates over the past 5 years or shorter where that option was introduced from a later date. CPI over the same 5 year period averaged 3.04% p.a.

<sup>A</sup> Figure in brackets denotes allowable range for asset allocation.

\*A currency hedge is applied by the Fund's passive currency manager to this option. As at 1/10/2010, 45% of the International Equities strategic asset allocation was hedged and this is subject to change at the discretion of the Trustee. Past performance is not a reliable indicator of future performance.

## High Growth#

### Annual returns at:

30 June 2010	10.60%
30 June 2009	-16.45%
30 June 2008	-10.36%
30 June 2007	19.30%
30 June 2006	19.80%
<b>5 year average**</b>	<b>3.43%</b>

### Investment objectives:

To obtain high returns over the long term Earnings should exceed inflation by 4% p.a. in three out of four rolling ten-year periods.

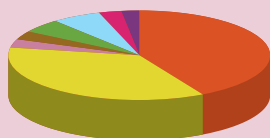
### Investment Strategy:

This option has diversified but balanced asset allocation, but has more exposure to Australian and International share markets than the balanced growth option.

### Strategic asset allocation

**Growth 92.5% Defensive 7.5%**

Australian Equities.....	40.0%
International Equities.....	34.0%
Australian Private Equity.....	3.0%
International Private Equity.....	5.0%
Direct Property.....	7.0%
Infrastructure.....	6.0%
Opportunistic Growth.....	4.0%
Cash.....	1.0%



### Type of investor this would suit:

Investors with an investment horizon of at least 10 years. Returns are likely to experience more year to year variation and even in the longer term (10 years or more) the High Growth option may not outperform the other investment options.

### Suggested investment period:

At least 10 years

### Risk of negative return:

1 in 6 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Socially Responsible Investment

(New option from 1/1/09)

### Annual returns at:

30 June 2010	8.12%
30 June 2009	1.56%*
30 June 2008	-
30 June 2007	-
30 June 2006	-
<b>5 year average**</b>	<b>4.79%</b>

### Investment objectives:

To achieve a crediting rate equivalent to inflation plus 3.5% per annum in three out of five rolling five year periods.

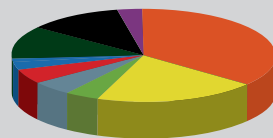
### Investment Strategy:

This option is invested across a number of asset classes with a bias toward sustainable growth assets.

### Strategic asset allocation

**Growth 67.5% Defensive 32.5%**

Australian Equities.....	36.0%
International Equities	
Unhedged.....	20.0%
Hedged.....	4.0%
Direct Property.....	5.0%
Australian Listed Property.....	5.0%
International Listed Property (REITS).....	3.0%
Absolute Return Strategies.....	1.0%
Australian Fixed Interest.....	11.5%
International Fixed Interest (Hedged).....	11.5%
Cash.....	3.0%



### Type of investor this would suit:

Investors with an investment horizon of at least 5 to 7 years who are interested in sustainable responsible investing.

### Suggested investment period:

At least 5 to 7 years

### Risk of negative return:

1 in 5 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Infrastructure

(New option from 1/1/09)

### Annual returns at:

30 June 2010	9.18%
30 June 2009	-5.37%*
30 June 2008	-
30 June 2007	-
30 June 2006	-
<b>5 year average**</b>	<b>1.64%</b>

### Investment objectives:

To achieve a crediting rate equivalent to inflation plus 3.5% per annum in three and a half out of five rolling five year periods.

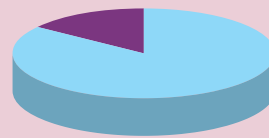
### Investment Strategy:

This option is only invested in infrastructure and is therefore highly exposed to any movements in this sector.

### Strategic asset allocation

**Growth 42.5% Defensive 57.5%**

Infrastructure.....	85.0%
Cash.....	15.0%



### Type of investor this would suit:

Investors with a medium to long term investment horizon who are looking for exposure to the general economy but with lower volatility requirements.

### Suggested investment period:

At least 7 to 10 years

### Risk of negative return:

1 in 6.5 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Property

(New option from 1/1/09)

### Annual returns at:

30 June 2010	1.22%
30 June 2009	-8.10%*
30 June 2008	-
30 June 2007	-
30 June 2006	-
<b>5 year average**</b>	<b>-3.55%</b>

### Investment objectives:

To achieve a crediting rate equivalent to inflation plus 3% per annum in two out of three rolling five year periods.

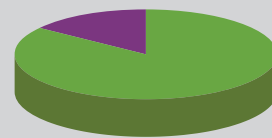
### Investment Strategy:

This option is only invested in property and is therefore highly exposed to any movements in this sector.

### Strategic asset allocation

**Growth 42.5% Defensive 57.5%**

Direct Property.....	85.0%
Cash.....	15.0%



### Type of investor this would suit:

Investors with a medium to long term investment horizon who are looking for exposure to the general economy but with lower volatility requirements

### Suggested investment period:

At least 7 to 10 years

### Risk of negative return:

1 in 8 years

### How is the crediting rate calculated:

The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

\*Returns are for the period 1/1/09 to 30/6/09.

Past performance is not a reliable indicator of future performance.

## Fixed Interest

(New option from 1/1/09)

### Annual returns at:

30 June 2010	13.12%
30 June 2009	2.50%*
30 June 2008	-
30 June 2007	-
30 June 2006	-

**5 year average\*\*** 7.68%

### Investment objectives:

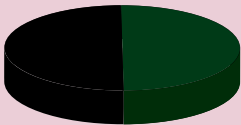
To achieve a crediting rate equivalent to inflation plus 2% per annum in three out of five rolling five year periods.

### Investment Strategy:

This option is invested in Australian and international fixed interest and is therefore highly exposed to any movements in the fixed interest sector.

### Defensive 100%

■ Australian Fixed Interest	50.0%
■ International Fixed Interest (Hedged)	50.0%



### Type of investor this would suit:

Investors with a short investment horizon or for those that are risk averse. This is a relatively defensive investment option.

### Suggested investment period:

At least 3 years

### Risk of negative return:

1 in 25 years

### How is the crediting rate

**calculated:** The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Cash

(New option from 1/1/09)

### Annual returns at:

30 June 2010	3.47%
30 June 2009	0.99%*
30 June 2008	-
30 June 2007	-
30 June 2006	-

**5 year average\*\*** 2.22%

### Investment objectives:

To achieve a crediting rate equivalent to inflation plus 1% per annum in every rolling five year period.

### Investment Strategy:

This option is only invested in cash products and is therefore the most defensive option.

### Defensive 100%

■ Cash	100.0%
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### Type of investor this would suit:

Investors with a short investment horizon or for those that are risk averse. This is a relatively defensive investment option.

### Suggested investment period:

No minimum

### Risk of negative return:

Negligible

### How is the crediting rate

**calculated:** The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## Australian Equities

(new option from 1/1/09)

### Annual returns at:

30 June 2010	12.68%
30 June 2009	9.47%*
30 June 2008	-
30 June 2007	-
30 June 2006	-

**5 year average\*\*** 11.06%

### Investment objectives:

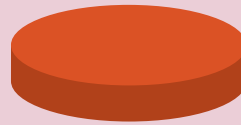
To achieve a crediting rate equivalent to inflation plus 4% per annum in two out of three rolling five year periods.

### Investment Strategy:

This option is only invested in Australian shares, and is therefore much more exposed to volatility in the Australian share market than the High, Balanced or Conservative Growth Options.

### Growth 100%

■ Australian Equities	100.0%
-----------------------	--------



### Type of investor this would suit:

Investors with a long investment horizon. Returns are likely to experience volatility, greater than other options, and even in the longer term (10 years or more) this option may not outperform the other investment options.

### Suggested investment period:

At least 10 years

### Risk of negative return:

1 in 4 years

### How is the crediting rate

**calculated:** The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

## International Equities<sup>#</sup>

(new option from 1/1/09)

### Annual returns at:

30 June 2010	6.13%
30 June 2009	-4.92%*
30 June 2008	-
30 June 2007	-
30 June 2006	-

**5 year average\*\*** 0.45%

### Investment objectives:

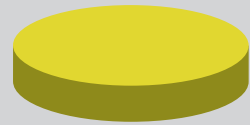
To achieve a crediting rate equivalent to inflation plus 4% per annum in three out of five rolling five year periods

### Investment Strategy:

This option is only invested in international shares, and is therefore much more exposed to volatility in the international share markets than the High, Balanced or Conservative Growth Options.

### Growth 100%

■ International Equities	100.0%
--------------------------	--------



### Type of investor this would suit:

Investors with a long investment horizon. Returns are likely to experience volatility, greater than other options, and even in the longer term (10 years or more) this option may not outperform the other investment options.

### Suggested investment period:

At least 10 years

### Risk of negative return:

1 in 3.5 years

### How is the crediting rate

**calculated:** The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.

\*A currency hedge is applied by the Fund's passive currency manager to this option. As at 1/10/2010, 45% of the International Equities strategic asset allocation was hedged and this is subject to change at the discretion of the Trustee. \*Returns are for the period 1/1/09 to 30/6/09. Past performance is not a reliable indicator of future performance.

Jenneffia & Carla  
QIEC Super members

# Who looks after your super?

The Trustee of QIEC Super is QIEC Super Pty Ltd, (ABN 81 010 897 480). The Trustee company has equal representation from participating employers and employer associations and the employee unions which are party to the Fund. The Directors of QIEC Super Pty Ltd at 30 June 2010 were:

## Employer Representatives



**Allan Fazldeen**  
(Chairperson) (FCPA, FAIM)  
Appointed July 1993 Secretary, Australian  
Community Services Employer Association



**Brian Flaherty**  
(BA, BEd)  
Appointed December 1993 Province  
Industrial Adviser, Edmund Rice Education  
Australia



**Barry Bicknell**  
(SDIA, SA FIN, JP (Cdec) MSA) Appointed  
July 2004 Board Member, Australian  
Community Services Employer Association



**Margaret Ryan**  
Appointed December 1999 Senior Project  
Officer, Brisbane Catholic Education Office

## Member Representatives



**Terry Burke**  
(Secretary) (BEd, MEd Admin, Grad Dip Ed  
(RE) MAICD MACE)  
Appointed February 1989 General  
Secretary, Queensland Independent  
Education Union



**Greg McGhie**  
(Dip Teach, BEd Leadership, MEd  
Studies) Appointed May 2001 Organiser,  
Queensland Independent Education  
Union



**John Spriggs**  
Appointed June 1995 Senior Industrial  
Officer, Queensland Independent  
Education Union



**Shirley Mellor**  
Appointed March 2003 Member  
Representative Director appointed by,  
Liquor Hospitality & Miscellaneous Union

## Alternate Directors



**Charles Hardy**  
(G DBA (HRM), Cert IV OH&S,  
JP Qualified WHSO FAHRI, MIRS Cert IVTAA)  
Appointed March 2005 Executive Officer,  
Australian Community Services Employers  
Association



**Neville Swan**  
Appointed March 2008 Branch President,  
Liquor, Hospitality & Miscellaneous Union



**Christopher Seymour**  
(BA(Hons), Med)  
Appointed May 2001 Organiser,  
Queensland Independent Education  
Union



**Robert Fuller**  
(B.Bus (B.Man,HRM) Cert. WHS  
Appointed December 2000 Rob Fuller  
Consulting

## Service providers

The Trustee is assisted in its duties by a number of professional service providers. These are:

Fund Administrator	Independent Fund Administrators & Advisers Pty Ltd
Insurer	CommlnSure
Investment Consultant	Frontier Investment Consulting
Fund Auditor	BDO Kendalls
Personal Financial Planning Advice	QTCU Financial Planning & Outlook Financial Solutions

## Indemnity Insurance

The Trustee maintains an insurance policy to protect itself and the Fund from certain claims for damages or compensation.

## Election of Member Representative Directors

In accordance with the Articles of Association of QIEC Super Pty Ltd, the members of the Fund are represented by Directors nominated and elected by the industrial unions of employees forming the Scheme Member Body.

The industrial unions are the Queensland Independent Education Union and the Liquor Hospitality and Miscellaneous Union. These industrial unions collectively have the right to elect four (4) Directors to represent the members. They also have the right to replace or remove any Director elected by them.

# Investment Allocation

The following tables show the types of investment assets held by the Fund at 30 June 2010 and the previous year.

## Investments by asset class

Type of Asset	30 June 2010		30 June 2009	
	% of investments	\$ value of investments	% of investments	\$ value of investments
Australian Equities	30.6	164,409,516	29.6	131,004,534
International Equities	22.3	119,568,511	19.2	85,226,167
International Private Equity	3.4	18,312,283	3.4	15,249,879
Australian Private Equity	2.5	13,721,736	2.4	10,837,293
Direct Property	11.7	62,722,343	10.9	48,456,992
Fixed Interest	10.9	58,590,525	11.6	50,870,374
Absolute Return Strategies	1.7	9,007,802	2.1	9,380,959
Infrastructure	11.3	60,905,956	11.8	52,222,427
SRI	0.1	535,203	0.1	505,027
Cash	5.5	29,610,122	8.9	39,485,979
<b>TOTAL</b>	<b>100.0</b>	<b>537,383,997</b>	<b>100.0</b>	<b>443,239,631</b>

## Investments by Fund Manager

Fund Manager	30 June 2010		30 June 2009	
	%	\$	%	\$
Alliance Bernstein	13.0	69,554,339	12.3	54,281,189
AMP Capital Investors	2.9	15,594,930	0.1	505,027
AXA Rosenberg	-	-	2.3	10,410,514
Blackrock	14.1	75,849,670	10.1	44,440,390
BT Investment Management Ltd	0.5	2,704,240	0.8	3,749,240
Capital International	-	-	2.1	9,354,417
Dexus Wholesale	2.5	13,364,507	3.0	13,356,890
Franklin Templeton Investments Aust Ltd	0.2	1,301,400	0.4	1,685,700
Fortius Funds Management	0.9	4,631,322	0.9	3,881,995
Industry Super Holdings	0.2	1,097,145	0.2	824,052
IFM	6.5	34,986,082	7.2	31,879,977
ISPT	3.0	15,987,315	3.6	16,017,568
Lazard	3.5	19,009,504	1.9	8,242,691
Macquarie Investment Management Ltd	7.5	40,532,461	9.2	40,472,491
MFS Global Equity Fund	6.7	35,952,381	3.6	16,152,132
Newbury	0.1	140,310	-	-
Oaktree	0.4	2,526,469	-	-
Perennial	6.6	35,712,117	8.4	37,052,099
Perpetual Investments	3.1	16,666,030	6.0	26,780,372
PIMCO Australia	1.1	5,947,425	4.4	19,574,946
QIC	-	-	0.0	8,442
Quellos	1.2	6,481,333	2.1	9,380,959
Renaissance	-	-	0.4	1,828,433
Siguler Guff	0.9	4,728,150	0.6	2,833,700
Solaris	6.5	34,749,320	0.5	2,067,918
Short term cash products*	5.5	29,610,122	**6.1	**27,126,635
TGM (Currency overlay)	-0.2	(1,084,902)	-	-
TPCG	7.1	37,918,841	7.2	31,730,461
ME Bank (Super Loans Trust)	0.1	662,131	0.1	637,465
Warrakirri	1.8	9,673,832	2.2	9,765,601
Wilshire Global Advisers	4.3	23,087,523	4.3	19,198,327
<b>TOTAL</b>	<b>100.0</b>	<b>537,383,997</b>	<b>100.0</b>	<b>443,239,631</b>

There are no investments made in any associated enterprise. The derivative charge ratio has not exceeded 5% of Fund assets at any time.

\* Consists of Bank of Queensland; Police and Nurses Credit Society Limited; Queensland Police Credit Union; Suncorp; Territory Insurance Office and NAB.

\*\* Consists of NAB.

# Financial Statements

The financial information shown below has been extracted from the Fund's unaudited accounts. The audit of the Financial Statements is planned to be completed by 31 October 2010 and will be available to members on request after that date.

## Abridged Financial information Statement of financial position - as at 30 June 2010

	30 June 2010 (\$)	30 June 2009 (\$)
<b>Investments</b>		
Units in managed funds	450,930,383	353,520,743
Units in other managed funds	57,928,394	62,592,253
Other Investments - TGM FFX	(1,084,902)	-
Short term cash products	29,610,122	27,126,635
Unsettled Purchase Sales	416,285	
<b>Total Investments</b>	<b>537,800,282</b>	<b>443,239,631</b>
<b>Other assets</b>		
Cash & cash equivalents	1,250,020	3,172,816
Distributions receivable	9,227,125	6,310,095
Contributions receivable	1,904,287	4,072,802
Sundry debtors	155,293	55,735
Deferred tax asset	8,818,591	11,877,760
<b>Total other assets</b>	<b>21,355,316</b>	<b>25,489,208</b>
<b>Total assets</b>	<b>559,155,598</b>	<b>468,728,839</b>
<b>Liabilities</b>		
Trade and other payables	1,226,153	986,915
Benefits payable	359,952	109,572
Income tax payable	3,150,063	1,146,702
No TFN payable	32,267	15,538
<b>Total liabilities</b>	<b>4,768,435</b>	<b>2,258,727</b>
<b>Net assets available to pay benefits</b>	<b>554,387,163</b>	<b>466,470,112</b>
<b>Represented by: liability for accrued benefits</b>		
Vested benefits allocated to members	551,877,741	461,884,677
Not yet allocated	1,585,457	4,035,829
	<b>553,463,198</b>	<b>465,920,506</b>
Total unallocated investment earnings and the administration reserve	923,965	549,606
<b>Net assets available to pay benefits</b>	<b>554,387,163</b>	<b>466,470,112</b>

## Abridged Financial information Operating statement - for the year ended 30 June 2010

	30 June 2010 (\$)	30 June 2009 (\$)
<b>Revenue</b>		
Employers' contributions	68,842,493	68,976,960
Members' contributions	4,139,000	4,108,688
Co-contributions	1,972,733	1,578,966
Transfers from other funds	15,759,992	11,436,052
Transfers from pension products	7,516,393	5,244,045
Investment revenue	43,747,116	(71,272,447)
Other revenue	1,961,221	1,810,263
	<b>143,938,948</b>	<b>21,882,527</b>
<b>Expenses</b>		
General administration	4,112,680	3,481,248
Investment	627,346	680,573
Insurance	5,718,584	4,322,657
Superannuation contributions surcharge	(212)	(1,300)
	<b>10,458,398</b>	<b>8,483,178</b>
<b>Benefits accrued as a result of operations before income tax</b>	<b>133,480,550</b>	<b>13,399,349</b>
Income tax expense	12,597,331	493,223
No TFN tax	32,268	15,538
<b>Benefits accrued as a result of operations</b>	<b>120,850,951</b>	<b>12,890,588</b>

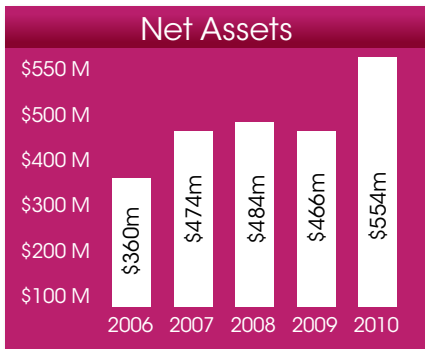
# Fund Statistics

QIEC Super began over 21 years ago for the sole benefit of employees working in the non-government education sector, child and other care and community services in Queensland. The Fund operates on a "profit for members" basis which means that after investment taxes and costs are taken out of returns,

all surplus is then returned to members. We now have more than \$554 million in investments and more than 30,000 members. The Fund still maintains a low Administration Fee and provides solid long-term returns to members – an average of 5.70% in the last 10 years in the Balanced Growth option. These

figures demonstrate the Fund's strong performance and dedication to our members' retirement dreams.

\* Past performance is not a reliable indicator of future performance.



## Eligible Rollover Fund

In order to reduce the costs of running QIEC Super and to protect all members, the Trustee may apply a policy of transferring "inactive" member accounts to an Eligible Rollover Fund (ERF).

The current criteria are:

- The member is less than 65 years of age; and
- There have been no contributions or rollins for a considerable period (generally 18 months); and
- The member account balance is less than an amount determined by the Trustee from time to time (historically \$700).

Inactive accounts are transferred to the ERF annually in July. The ERF chosen by QIEC Super is Independent Superannuation Preservation Fund (ISPF).

They can be contacted at:

**ISPF**  
**PO Box 1047, Milton Qld 4064**  
**Telephone: (07) 3238 1296**

To keep costs to a minimum, insurance and member investment choice are not available in ISPF and contributions are not accepted. Members are able to recover any assets transferred to the ERF. If your account balance is transferred to ISPF, you will cease to be a member of QIEC Super and you will no longer have any rights against the Trustee of QIEC Super. Any insurance cover you have with the Fund will cease.

Your benefit will be transferred to an account in your name in ISPF, where it will be allocated with investment earnings and debited with fees under the rules of ISPF. The fees deducted will generally not exceed the interest credited and your

account balance will be protected under member benefit protection rules. You will be provided with details of how ISPF operates including fees and charges on transfer.

ISPF regularly matches information with Funds it has received transfers from. If you rejoin QIEC Super at any time in the future, the Trustee of ISPF may transfer your account balance back to QIEC Super allowing your balances to be consolidated. If you join another Fund which matches information with ISPF at any time in the future, the Trustee of ISPF may transfer your account balance to that other Fund allowing your balances to be consolidated.

The Trustee of ISPF may employ a different investment strategy to QIEC Super and this may result in a lower return on your benefit.

## Contributions Surcharge

The superannuation surcharge was abolished from 1 July 2005. No surcharge is paid on contributions or termination payments received after 1 July 2005. However, any surcharge assessments issued by the Australian Taxation Office in respect of previous financial years will still apply. Any such assessments received, will be deducted from the account of the relevant member.

