

2011

ANNUAL REPORT



**YOUR QUEENSLAND
INDUSTRY SUPERFUND**

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

**qiec
super**
first in our class

Contents

Chairperson's message	3
QIEC Super Soapbox	4
Legislative update	4
Investments	5
Member Investment options	6
Who looks after your Super	9
Investment Allocation	10
Financial Statements.....	11
Important information.....	12

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This Annual Report was prepared and issued on 10 October 2011 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, 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 may offer members access to financial advice in the areas of superannuation for retirement, investment risk profile, insurance products and salary sacrificing to superannuation. If you require advice in relation to these areas phone QIEC Super on 1300 360 507 and ask to be referred to a Financial Adviser.

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) available at www.qiec.com.au. This document should be read in conjunction with your member statement for the year ended 30 June 2011 if you were a member of QIEC Super at that time.



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



QIEC Super chooses to use Environmentally Friendly
Premiere Carbon Neutral Paper and Soy Ink.

Message from the Chairperson

I am pleased to present, on behalf of the Board, this 2011 Annual Report, in which we reflect on the Fund's achievements, improvements and investment returns over the past year.

Along with growing our membership and funds under management, we are constantly focused on refining our products and services to better meet our members' needs.

Investment returns

The Balanced Growth option (default option) has achieved a solid return of 8.10% for the 2010/2011 financial year and more importantly, 5.67% over a 10 year period to 30 June 2011 as superannuation is about good returns over the longer period.

Unfortunately, since 30 June 2011, investment markets have again proven to be very volatile. The Board, in conjunction with its investment adviser, is monitoring the situation closely and will make whatever changes are necessary to minimise the impact on our members.

You should be aware that QIEC Super has ten investment options to choose from, each with a different risk / return profile. You have the ability to mix and match options to suit your individual preferences.

Financial planning

It's never too early or too late to take control of your super. Making decisions such as, which investment option(s) are best for you, whether you should make personal contributions or salary sacrifice, or how much insurance cover you need, is not always easy. If you need assistance in any of these matters, QIEC Super is able to help, so don't hesitate to contact our office.

Saving you money

Effective from 1 July 2011, QIEC Super reduced its Asset Fee to 0.20%. With low fees and no commissions, QIEC Super continues to deliver value for money to its members, as evidenced by the Gold rating awarded to QIEC Super by SuperRatings.

Looking to the future

QIEC Super is currently undertaking a review of its service for members and will shortly announce some changes which will occur in 2012 including:

- A Financial Planning tool will be made available on our website to assist you in deciding which investment option(s), contribution strategies and insurance needs in QIEC Super are right for you.
- Financial Planning solutions - instead of using third party providers, the Fund is investigating using in-house financial planners, who will have specialised knowledge of QIEC Super.
- Insurance enhancements to Death, Total and Permanent Disablement, and Income Protection benefits that will provide improved cover and more options and flexibility to suit individual needs.

These details will be announced soon and members will be encouraged to contact us to discuss their needs.

On behalf of the Board, I would like to thank our members for their ongoing support and loyalty to QIEC Super. In like manner, I would record my personal thanks to my colleagues on the QIEC Super Board for their hard work and support, I would also add my thanks to the Management and staff of IFAA for their continued professional commitment to QIEC Super.



Allan Fazldeen
CHAIRPERSON

QIEC Super Soapbox

Member Investment Choice

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 to high risk options like International Equities. You don't have to put all your money into one option - you can mix and match them if you wish, provided the percentage 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 roll-ins), if you choose. See pages 5-8 for more details.

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 on our website under **Members, Publications** then **Fact Sheets** or call us for a copy.

Personal Insurance

Have you considered how you would cope financially if you were no longer able to work through illness or injury. In the event of your death, would your loved ones be adequately provided for?

QIEC Super offers members account based default Death, Total and Permanent Disablement (TPD) and Income Protection insurance cover that is designed to provide you with peace of mind and financial security if such an event was to occur. Flexibility is available to tailor your insurance requirements to meet your individual needs. Full details of the insurance benefits are available in the *QIEC Super Insurance Guide* available on our website under **Members, Publications** then **Fact Sheets**.

Servicing our members

We appreciate how important face to face contact is. That's why we have two experienced Client Services Managers (CSMs), Rita Svensson and Mark Frankel to assist you.

Our CSMs are constantly on the road across Queensland to service our members and employers. They can talk to you about all things super related. So why not book an appointment today.

Rita Svensson: (07) 3238 1264
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Email: rita.svensson@qiec.com.au

Mark Frankel: (07) 3238 1417
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Email: mark.frankel@qiec.com.au

Legislative update

Minimum payment amounts for account based income streams

In this year's Budget, the Government announced a gradual roll-back to the 50% income stream minimum drawdown relief.

Effective from 1 July 2011, the relief will be reduced to a 25% reduction to the minimum drawdown amount.

From 1 July 2012, the relief will be withdrawn and pensioners will be required to draw the regular minimum drawdown amounts from their income streams.

Greater use of TFNs by Fund Trustees

Effective from 1 July 2011, Trustees will be able to use TFNs to locate lost member accounts and facilitate account consolidation.

Flood levy

For 2011/12, the Federal Government has introduced a Flood Levy for individuals with a taxable income of \$50,001 or more.

This measure has been announced by the Gillard Government as a one-off tax for the 2011/12 period to assist with the cost of rebuilding areas devastated by the floods and Cyclone Yasi.

Payments from superannuation are captured as part of the levy. Further information for individuals is available on the Australian Tax Office website: www.ato.gov.au/floodlevy or on the QIEC Super website under **Members** then **Flood Levy** tab.

Budget announcements not yet legislated

Refund of excess concessional contributions

The Government has placed limits on the amount of contributions that receive tax concessions in a financial year. For the 2011/12 year, if you are under age 50, concessional contributions are capped at \$25,000, or \$50,000 for people aged 50 or over.

Concessional contributions are:

- Employer contributions
- Salary sacrifice contributions
- Self employed contributions for which a tax deduction is claimed.

The Government has proposed that individuals who make excess concessional contributions in respect of the 2011-12 financial year, or later years, above the concessional contributions limit, but less than

\$10,000 over the limit, will have a one-off opportunity to have those excess contributions taken out of their super fund and taxed at their marginal tax rate, rather than at the excess concessional contributions tax rate of 46.5%. For more information, please refer to the *Contributions Fact Sheet* available on our website under **Members, Publications** then **Fact Sheets** tab.

Higher concessional contribution caps for over 50's

Originally announced in last year's Federal Budget, the Government has affirmed its commitment to a permanent higher concessional contribution limit applying from 1 July 2012 for those over age 50, but only if they have a total super balance under \$500,000.

Extending the non-indexation of the co-contribution thresholds

The Government announced a 1-year extension to the freezing of the co-contribution upper and lower income thresholds, so that for the 2011/12 financial year, the lower income threshold will remain at \$31,920, and the upper threshold will remain at \$61,920.

Investment update - June 2011

Investment returns over 2010/11 reflected generally improving global economic conditions. However, this was offset somewhat by ongoing sovereign debt concerns in Europe and the US, the Japanese Tsunami and civil unrest in the Middle Eastern and North Africa. The Australian economy performed soundly, but was hindered by the devastating floods in Queensland, the high Australian dollar and a restrictive monetary policy setting. In spite of these mixed conditions, QIEC Super's Balanced Growth and Conservative Growth options outperformed their investment objectives over the 2010/11 financial year, while the High Growth option performed broadly in line with its objective.

Global share markets produced strong returns for 2010/11. However, positive market returns began to reverse in the June 2011 quarter, reflecting renewed sovereign debt concerns in some European economies. QIEC Super's international shares sector performed well over the year.

The Australian share market performed strongly for the financial year. While the mining boom pushed material stocks up, higher household savings rates and lower consumer confidence detracted from growth. QIEC Super's Australian shares sector performed well, with those investments focused on smaller companies producing extremely strong performance.

Australian and international bonds performed solidly over the financial year. Some of QIEC Super's underlying bond managers performed considerably better than the overall market, which helped its bond sector produce a solid return for the year.

Since the end of the 2010/11 financial year, financial markets have gone through a renewed period of volatility with many markets experiencing large daily price movements. QIEC Super will continue to closely monitor developments in conjunction with its advisers to minimise any adverse impact on the Fund and members.

QIEC Super's long term average returns are below:

Financial Year 30 June 2011	Balanced Growth p.a.	Conservative Growth p.a.*	High Growth p.a.*
10 years	5.67%	6.00%	7.14%
5 years	2.18%	3.79%	1.26%

* 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 every 12 months;
- Monitor, on a quarterly basis, the direction of cash flow to fund managers and investment performance; 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?

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 latest 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.

The monthly crediting rates are available on our website under **Members**, then **Investment Performance** tab.

Reserves

Members are credited with the earnings from the underlying investments in each option net of taxes and investment expenses. No investment reserve is maintained.

The Trustee maintains an Administration Reserve which 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 2011	\$305,600*	0.05%
30 June 2010	\$948,339	0.17%
30 June 2009	\$549,606	0.11%
30 June 2008	\$804,554	0.17%
30 June 2007	\$2,556,177	0.54%

*Please note that at the time of originally producing the Annual Report this figure was \$1,070,091. As a result of the finalisation of the audit of the Fund, this reserve has been reduced to \$305,600.

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 may only be used conservatively and may 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.

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 our website. If you need more assistance, you can also call QIEC Super to be referred to a financial 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 6 - 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. Then complete a *Member Investment Choice Form* available online under *Members*, then *Forms* tab and send it back to us. It's that easy!

All switches are effective from the start of the following month after your completed *Member Investment Choice Form* is received.

Conservative Growth[#]

Annual returns at:

30 June 2011	7.07%
30 June 2010	7.26%
30 June 2009	-4.20%
30 June 2008	-0.40%
30 June 2007	9.90%
5 year average**	3.79%

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.

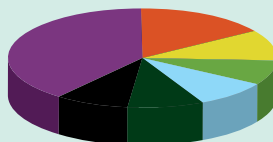
Investment Strategy:

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)[#]

Annual returns at:

30 June 2011	8.10%
30 June 2010	8.30%
30 June 2009	-12.88%
30 June 2008	-5.95%
30 June 2007	16.10%
5 year average**	2.18%

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.

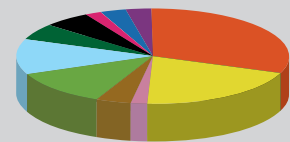
Investment Strategy:

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

Strategic asset allocation[^]

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 3.34% p.a.

[^] 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 1/12/10, 20% 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.

Turn this page for more options...

High Growth[#]

Annual returns at:

30 June 2011	7.75%
30 June 2010	10.60%
30 June 2009	-16.45%
30 June 2008	-10.36%
30 June 2007	19.30%
5 year average**	1.26%

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.

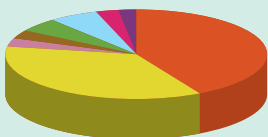
Investment Strategy:

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 2011	8.18%
30 June 2010	8.12%
30 June 2009	1.56%*
30 June 2008	-
30 June 2007	-
5 year average**	5.91%

Investment objectives:

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

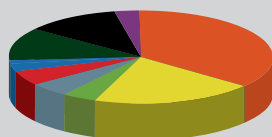
Investment Strategy:

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 2011	9.75%
30 June 2010	9.18%
30 June 2009	-5.37%*
30 June 2008	-
30 June 2007	-
5 year average**	4.28%

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 primarily 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 2011	5.08%
30 June 2010	1.22%
30 June 2009	-8.10%*
30 June 2008	-
30 June 2007	-
5 year average**	-0.76%

Investment objectives:

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

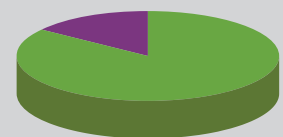
Investment Strategy:

This option is primarily 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

** 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 3.34% p.a.

^ 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 1/12/10, 20% 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.

Fixed Interest (New option from 1/1/09)	Cash (New option from 1/1/09)	Australian Equities (new option from 1/1/09)	International Equities# (new option from 1/1/09)
Annual returns at: 30 June 2011 5.95% 30 June 2010 13.12% 30 June 2009 2.50%* 30 June 2008 - 30 June 2007 - 5 year average** 7.10%	Annual returns at: 30 June 2011 5.03% 30 June 2010 3.47% 30 June 2009 0.99%* 30 June 2008 - 30 June 2007 - 5 year average** 3.15%	Annual returns at: 30 June 2011 12.52% 30 June 2010 12.68% 30 June 2009 9.47%* 30 June 2008 - 30 June 2007 - 5 year average** 11.55%	Annual returns at: 30 June 2011 8.43% 30 June 2010 6.13% 30 June 2009 -4.92%* 30 June 2008 - 30 June 2007 - 5 year average** 3.04%
Investment objectives: To achieve a crediting rate equivalent to inflation plus 2% per annum in three out of five rolling five year periods.	Investment objectives: To achieve a crediting rate equivalent to inflation plus 1% per annum in every rolling five year period.	Investment objectives: To achieve a crediting rate equivalent to inflation plus 4% per annum in two out of three rolling five year periods.	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 invested in Australian and international fixed interest and is therefore highly exposed to any movements in the fixed interest sector.	Investment Strategy: This option is only invested in cash products and is therefore the most defensive investment option.	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.	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.
Defensive 100% ■ Australian Fixed Interest 50.0% ■ International Fixed Interest (Hedged) 50.0%	Defensive 100% ■ Cash..... 100.0%	Growth 100% ■ Australian Equities 100.0%	Growth 100% ■ International Equities ..100.0%
			
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.	Type of investor this would suit: Investors with a short investment horizon or for those that are risk averse. This is a defensive investment option.	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.	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 3 years	Suggested investment period: No minimum	Suggested investment period: At least 10 years	Suggested investment period: At least 10 years
Risk of negative return: 1 in 25 years	Risk of negative return: Negligible	Risk of negative return: 1 in 4 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.	How is the crediting rate calculated: The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.	How is the crediting rate calculated: The Trustee will credit members with the earnings from the underlying investment, net of taxes and investment expenses.	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
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 ^ 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 1/12/10, 20% 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.



Fiona Meecham
QIEC Super member

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 2011 were:

Employer



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



Brian Flaherty
(BA, BEd)
Appointed December 1993. Nominated by
Independent Schools sector



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



Margaret Ryan
Appointed December 1999. Nominated by
Brisbane Catholic Education sector



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



Sheila Hunter
Appointed January 2011. Organiser, United
Voice

Member



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



Neville Swan
Appointed March 2008 Branch President,
United Voice



Christopher Seymour
(BA Hons), M. Ed
Appointed May 2001 Organiser,
Queensland Independent Education
Union



Robert Fuller
(B.Bus (B.Man, HRM) Cert. WHS
Appointed December 2000 Nominated by
Independent Schools sector

Alternate Directors

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	CommInsure
Investment Advisor	Frontier Investment Consulting (replaced by JANA Investment Advisers effective 1 October 2011)
Fund Auditor	BDO Audit (QLD) Pty Ltd

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 United Voice. 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 2011 and the previous year.

Investments by asset class

Type of Asset	30 June 2011		30 June 2010	
	% of investments	\$ value of investments	% of investments	\$ value of investments
Australian Equities	32.2	201,653,485	30.6	164,409,516
International Equities	22.1	138,297,187	22.3	119,568,511
International Private Equity	3.5	21,743,484	3.4	18,312,283
Australian Private Equity	2.4	14,724,434	2.5	13,721,736
Direct Property	10.8	67,429,152	11.7	62,722,343
Fixed Interest	10.2	63,801,167	10.9	58,590,525
Absolute Return Strategies	1.0	6,151,342	1.7	9,007,802
Infrastructure	11.3	70,216,371	11.3	60,905,957
SRI	0.1	538,782	0.1	535,203
Cash	5.6	34,613,759	5.5	29,610,122
Unlisted Debt	0.8	4,828,835	-	-
TOTAL	100.0	623,997,998	100.0	537,383,998

Investments by Fund Manager

Fund Manager	30 June 2011		30 June 2010	
	%	\$	%	\$
Alliance Bernstein	11.7	73,294,298	13.0	69,554,339
AMP Capital Investors	4.2	26,456,240	2.9	15,594,930
Blackrock	12.9	80,464,817	14.1	75,849,670
BT Investment Management Ltd	0.3	2,131,536	0.5	2,704,240
Dexus Wholesale	-	-	2.5	13,364,507
Franklin Templeton Investments Aust Ltd	0.2	1,088,640	0.2	1,301,400
Fortius Funds Management	0.8	4,888,948	0.9	4,631,322
Industry Super Holdings	0.2	1,219,882	0.2	1,097,145
IFM	6.6	41,227,558	6.5	34,986,082
ISPT	3.9	24,157,710	3.0	15,987,315
Lazard	3.2	19,771,449	3.5	19,009,504
Macquarie Investment Management Ltd	7.3	45,285,545	7.5	40,532,461
MFS Global Equity Fund	4.6	28,402,797	6.7	35,952,381
Newbury	0.2	1,409,574	0.1	140,310
Oaktree	0.7	4,665,557	0.4	2,526,469
Perennial	6.9	43,018,030	6.6	35,712,117
Perpetual Investments	4.0	25,104,062	3.1	16,666,030
PIMCO Australia	1.0	6,541,205	1.1	5,947,425
Platinum	5.3	33,144,363	-	-
Quellos	0.2	1,485,785	1.2	6,481,333
Siguler Guff	1.3	8,248,804	0.9	4,728,150
Solaris	6.1	37,991,128	6.5	34,749,320
Short term cash products*	5.6	34,613,759	5.5	29,610,122
TGM (Currency overlay)	0.1	374,951	-0.2	(1,084,902)
TPCG	6.7	41,789,376	7.1	37,918,842
ME Bank (Super Loans Trust)	0.1	693,513	0.1	662,131
Warrakirri	1.5	9,244,860	1.8	9,673,832
Westbourne	0.8	4,828,835	-	-
Wilshire Global Advisers	3.6	22,454,776	4.3	23,087,523
TOTAL	100.0	623,997,998	100.0	537,383,998

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; Community First Credit Union Ltd; Members Equity; Manly Warringah Credit Union; National Australia Bank; Police and Nurses Credit Society Limited; Queensland Police Credit Union; Suncorp Bank and Territory Insurance Office.

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 2011 and will be available to members on request after that date.

Abridged Financial information Statement of financial position - as at 30 June 2011

	30 June 2011 (\$)	30 June 2010 (\$)
Investments		
Units in managed funds	525,901,634	450,930,384
Units in other managed funds	63,107,654	57,928,394
Short term cash products	34,613,759	29,610,122
Other Investments - TGM FFX	374,951	(1,084,902)
Unsettled Purchase Sales	8,807,490	416,283
Total Investments	632,805,488	537,800,281
Other assets		
Cash & cash equivalents	4,747,180	1,250,020
Distributions receivable	18,844,771	9,227,125
Contributions receivable	4,088,256	1,904,287
Plant and Equipment	12,176	-
Sundry debtors	78,295	155,293
Deferred tax asset	7,982,827	8,927,983
Total other assets	35,753,505	21,464,708
Total assets	668,558,993	559,264,989
Liabilities		
Trade and other payables	1,297,877	1,226,152
Benefits payable	1,500,086	359,952
Income tax payable	3,211,582	3,235,081
No TFN payable	16,440	32,267
Total liabilities	6,025,985	4,853,452
Net assets available to pay benefits	662,533,008	554,411,537
Represented by: liability for accrued benefits		
Vested benefits allocated to members	658,848,920	551,877,741
Not yet allocated	2,613,997	1,585,457
	661,462,917	553,463,198
Total unallocated investment earnings and the administration reserve	1,070,091	948,339
Net assets available to pay benefits	662,533,008	554,411,537

Abridged Financial information Operating statement - for the year ended 30 June 2011

	30 June 2011 (\$)	30 June 2010 (\$)
Revenue		
Employers' contributions	79,140,285	68,842,493
Members' contributions	5,330,357	4,139,000
Co-contributions	1,038,220	1,972,733
Transfers from other funds	30,053,428	15,759,993
Transfers to pension products	6,770,949	7,516,393
Investment revenue	48,945,990	43,747,116
Other revenue	3,582,389	1,961,221
	174,861,618	143,938,949
Expenses		
General administration	4,615,483	4,112,680
Investment	721,751	627,346
Insurance	6,770,474	5,718,583
Superannuation contributions surcharge	-	(212)
	12,107,708	10,458,397
Benefits accrued as a result of operations before income tax	162,753,910	133,480,552
Income tax expense	10,989,568	12,572,958
No TFN tax	16,440	32,268
Benefits accrued as a result of operations	151,747,902	120,875,326

Important information

Fund statistics

QIEC Super began over 22 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 'benefit 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 \$662 million in investments and more than 28,000 members and 2,400 employers. The Fund still maintains a low Administration Fee and provides solid long-term returns to members – an average of 5.67%* 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.

Temporary residents

If you work in Australia as a temporary resident and leave the country, you may be eligible to claim your superannuation benefit (less any tax) you accumulate while here.

This payment is called the Departing Australia Superannuation Payment (DASP). Australian and New Zealand residents are not eligible to claim a DASP.

You can claim your DASP if:

- You visited on an eligible temporary resident visa; and
- Your visa has ceased to be in effect (that is it has expired or been cancelled); and
- You have departed Australia

If you do not claim your DASP benefit within six (6) months of departing Australia and your visa has ceased to be in effect,

QIEC Super may be required to transfer your superannuation benefit to the Australian Taxation Office (ATO) as unclaimed money. In that case you will have to claim your DASP benefit from the ATO. If QIEC Super transfers your DASP benefit to the ATO, then in accordance with relief provided by the Australian Securities and Investments Commission (ASIC), QIEC Super will not issue you with an exit statement.

If your DASP benefit is transferred to the ATO by QIEC Super, you may then claim your benefit directly from the ATO. The Trustee is required to provide you with information to assist you with this, and will endeavour to do so as soon as practicable after you contact us, and in any event within 1 month from that date.

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. If you have any queries in relation to the contributions surcharge, contact the Fund for more information.

Crediting rate error policy

QIEC Super has a policy addressing when compensation will be applied, where an error occurs in the determination and application of crediting rates to exiting members. QIEC Super will compensate exiting members who have been adversely impacted as a result of an error, subject to the application of a materiality threshold (currently \$20). Ongoing members generally won't require cash compensation (nor will recovery be required), as the application of the corrected crediting rate(s) will apply after the end of the financial year, which will restore their account to the position it would have been in, had the error not occurred. Further details can be found on our website under **Members** then the **Investment Performance** tab.