

Member investment choice and asset classes Fact Sheet

Product Disclosure Statement

The information in this document forms part of the *QIEC Super Product Disclosure Statement (PDS)* dated 6 August 2018. This document is the *Member investment choice and asset classes Fact Sheet* and is not attached to the *QIEC Super PDS*. If you would like a copy of the *QIEC Super PDS* or want more information, contact us on **1300 360 507**, or visit **qiec.com.au**.

This Fact Sheet provides you with information about member investment choice and asset classes. It was prepared and issued on 6 August 2018 by QIEC Super Pty Ltd (ABN 81 010 897 480), the Trustee of QIEC Super (ABN 15 549 636 673). If you request further information, the Trustee of QIEC Super will provide all the information that it reasonably believes you may require to make an informed assessment of the management and financial condition of QIEC Super, including its investment performance.

This Fact Sheet addresses:

- Member investment choice
- How to make an investment choice
- Member investment options
- How and when investment earnings are applied to accounts
- Weekly crediting rates and account balance estimations
- Tax, fees and costs
- Investment strategy
- Helping you to understand the asset classes
- Understanding investment risk
- Standard Risk Measure
- What does the Standard Risk Measure mean for QIEC Super's investment options?
- Need help choosing an investment option?

Member investment choice

Your benefit

Your benefit in QIEC Super consists of contributions and rollovers (if any) which have been credited to your account, less deductions for contributions tax, administration fees and if applicable, insurance fees. In addition, investment earnings are applied to your account. These investment earnings can be either positive or negative.

As super is a long-term investment and is payable on your retirement, it is important to ensure your money is invested in an option, or combination of options, that is right for you.

We know that many of our members are taking more interest in how their super is invested. That's why we've provided you with ten investment options to choose from:

- QIEC MySuper*
- High Growth
- Conservative Growth
- Cash
- Fixed Interest
- Socially Responsible Investment
- Infrastructure
- Australian Equities
- International Equities
- Property

*QIEC MySuper is the default investment option for accumulation members and offers a Balanced Growth portfolio. All other investment options are 'Choice' investment options.

You can choose one option or mix these options if you wish. Your nominated percentage for each option can include up to 2 decimal places and must total 100%. With a total of ten investment options, you have greater control over your super.

Each of these investment options has different risk/return characteristics. Please refer to the table on pages 2-4 for more information.

How do I make an investment choice?

New members

Complete the 'Member Investment Choice' section of the *Member Application Form*, nominating your chosen investment option(s). A *Member Application Form* is located within the *QIEC Super PDS* and available at **qiec.com.au/forms-and-resources/publications**. Please complete the form and send it back to us.

Existing members

Existing members who have been in the Fund for a period of time will have an 'Existing Account Balance.' You can nominate one investment option, or a mix of different options, separately for your Existing Account Balance and for your future contributions and rollins, if you wish. For example, you may elect as follows:

- Existing Account Balance - Mix of 50% QIEC MySuper/50% High Growth
- Future contributions and rollins - 100% Cash

If you choose a mix of investment options, your nominated percentages for each option can include up to 2 decimal places and must total 100%.

If you make no election in relation to your future contributions, your nominated investment choice percentage for your Existing Account Balance will also apply to any new monies received into your account.

The ability to nominate a different mix of investment options for your Existing Account Balance and your future contributions provides additional flexibility, and allows you to diversify your account.

You can switch your investment options for your Existing Account Balance and your future contributions at the same time, or independently. It is important to understand how this works. An explanation of how to complete the form is provided on the *Change to Member Investment Choice Form*, available at **qiec.com.au/forms-and-resources/forms** then go to **Change your investment option**.

Switches to your future contributions are effective the date they are received by the Fund. Switches to existing account balances are processed weekly (more information is available on page 5).

Please note that if you make no investment choice selection at all, your existing account balance and future contributions will be invested in the default QIEC MySuper option.

To change your investment options, simply complete a *Change to Member Investment Choice Form* and send it back to us or log on to Member Online.

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QIEC MySuper[#] (default)

(option available from 01/09/2013)

Annual returns at:

30 June 2018	8.99%
30 June 2017	11.04%
30 June 2016	2.87%
30 June 2015	9.57%

Since inception ** **8.33%**

On 1 September 2013, QIEC Super renamed the Balanced Growth investment option to "QIEC MySuper". Due to regulatory requirements, these are considered separate products, even though the investment objective and strategy were unchanged. As a result, QIEC Super is unable to combine the returns of the two products to display long term investment returns. The crediting rate from 1 September 2013 to 30 June 2014 was 7.85%.

Investment objectives:

To achieve a crediting rate equivalent to CPI plus 3% per annum over rolling ten year periods.

Investment Strategy:

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

Strategic asset allocation

■ Australian Equities	26.0% (16-36%)
■ International Equities (Hedged)	25.0% (15-35%)
■ Property	12.0% (2-18%)
■ Infrastructure	12.0% (2-18%)
■ Growth Alternatives	9.0% (5-15%)
■ Fixed Interest ⁺	9.0% (0-18%)
■ Defensive Alternatives	4.0% (0-10%)
■ Cash	3.0% (0-15%)



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 Level[^]:

High

Estimated number of negative annual returns:

4.2 over any 20 year period

High Growth[#]

(option available from 01/02/2004)

Annual returns at:

30 June 2018	10.71%
30 June 2017	13.35%
30 June 2016	3.12%
30 June 2015	10.98%
30 June 2014	13.14%

5 year average** **10.19%**

10 year average** **6.34%**

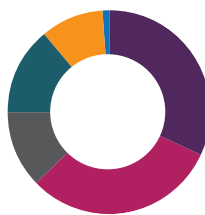
To achieve a crediting rate equivalent to CPI plus 4% per annum over rolling ten year periods.

Investment Strategy:

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

Strategic asset allocation

■ Australian Equities	32.0% (22-42%)
■ International Equities (Hedged)	31.0% (21-41%)
■ Property	12.0% (4-18%)
■ Infrastructure	14.0% (5-20%)
■ Growth Alternatives	10.0% (5-16%)
■ Fixed Interest ⁺	0.0% (0-10%)
■ Defensive Alternatives	0.0% (0-10%)
■ Cash	1.0% (0-15%)



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 Level[^]:

High

Estimated number of negative annual returns:

4.8 over any 20 year period

Conservative Growth[#]

(option available from 01/02/2004)

Annual returns at:

30 June 2018	5.37%
30 June 2017	6.86%
30 June 2016	3.34%
30 June 2015	5.67%
30 June 2014	7.54%

5 year average** **5.75%**

10 year average** **5.09%**

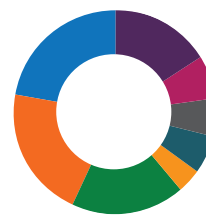
To achieve a crediting rate equivalent to CPI plus 2% per annum over rolling ten year periods.

Investment Strategy:

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

Strategic asset allocation

■ Australian Equities	16.0% (6-26%)
■ International Equities (Hedged)	7.0% (0-14%)
■ Property	6.0% (0-12%)
■ Infrastructure	6.0% (0-12%)
■ Growth Alternatives	4.0% (0-10%)
■ Fixed Interest ⁺	18.0% (4-24%)
■ Defensive Alternatives	21.0% (11-31%)
■ Cash	22.0% (0-50%)



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 Level[^]:

Medium

Estimated number of negative annual returns:

2.1 over any 20 year period

[#] Approximately 17% of the International Equities asset class and approximately 100% of the USD exposure within the Growth Alternatives and Property strategic asset allocations are hedged to Australian dollars. This is subject to change at the discretion of the Trustee.

** This figure is the compound average effective rate of net earning of the investment option over the period.

[^] Please refer to the information on Standard Risk Measures on page 10 of this document.

* Includes a mixture of Australian and International Fixed Interest.

Past performance is not a reliable indicator of future performance.

Please note: the figures in the brackets in the tables above denotes allowable range for asset allocation.

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Cash

(option available from 01/01/2009)

Annual returns at:

30 June 2018.....	1.49%
30 June 2017.....	1.51%
30 June 2016.....	1.87%
30 June 2015.....	2.41%
30 June 2014.....	2.64%
5 year average**	1.98%

Investment objectives:

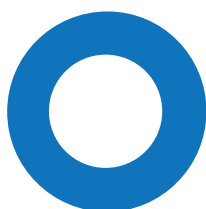
To outperform the Bloomberg AusBond Bank Bill Index over rolling 2 year periods.

Investment Strategy:

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

Strategic asset allocation

■ Cash	100%
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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 the most defensive investment option.

Suggested investment period:

No minimum

Risk Level[^]:

Very Low

Estimated number of negative annual returns:

0.0 over any 20 year period

Fixed Interest

(option available from 01/01/2009)

Annual returns at:

30 June 2018.....	3.22%
30 June 2017	4.41%
30 June 2016	3.95%
30 June 2015.....	4.59%
30 June 2014.....	6.09%
5 year average**	4.45%

Investment objectives:

Outperform the blended benchmark of 50% Bloomberg AusBond Composite Bond Index and 50% Bloomberg Barclays Global Aggregate Bond Index (Hedged) over rolling 5-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.

Strategic asset allocation

■ Fixed Interest [†]	100%
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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:

At least 3 years

Risk Level[^]:

Medium

Estimated number of negative annual returns:

2.5 over any 20 year period

Socially Responsible Investment ^{^^}

(option available from 01/01/2009)

Annual returns at:

30 June 2018.....	8.80%
30 June 2017.....	7.57%
30 June 2016.....	0.02%
30 June 2015.....	9.30%
30 June 2014.....	11.62%
5 year average**	7.39%

Investment objectives:

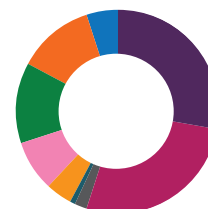
To achieve a crediting rate equivalent to CPI plus 3.5% per annum over rolling ten year periods.

Investment Strategy:

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

Strategic asset allocation

■ Australian Equities	28% (20-40%)
■ International Equities	27% (15-35%)
■ Emerging markets	2% (0-7%)
■ Alternative Assets	1% (0-6%)
■ Global REITs (hedged)	4% (0-10%)
■ Direct Property and infrastructure	8% (0-10%)
■ Australian Fixed Interest	13% (0-20%)
■ International Fixed Interest (hedged)	12% (0-15%)
■ Cash	5% (0-15%)



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 Level[^]:

High

Estimated number of negative annual returns:

4.5 over any 20 year period

** This figure is the compound average effective rate of net earning of the investment option over the period.

[^]Please refer to the information on Standard Risk Measures on page 10 of this document.

^{^^}QIEC Super invests in the AMP Responsible Leaders Balanced Fund for their SRI investment option. AMP hedge some of the Fund's international investments back to Australian dollars.

[†]Includes a mixture of Australian and International Fixed Interest.

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Please note: the figures in the brackets in the tables above denotes allowable range for asset allocation.

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Infrastructure (option available from 01/01/2009)	Australian Equities (option available from 01/01/2009)	International Equities[#] (option available from 01/01/2009)	Property[#] (option available from 01/01/2009)
<p>Annual returns at:</p> <p>30 June 2018..... 10.62%</p> <p>30 June 2017..... 1.02%</p> <p>30 June 2016..... 8.81%</p> <p>30 June 2015..... 4.87%</p> <p>30 June 2014..... 7.92%</p> <p>5 year average** 6.59%</p>	<p>Annual returns at:</p> <p>30 June 2018..... 12.30%</p> <p>30 June 2017..... 18.78%</p> <p>30 June 2016..... 4.58%</p> <p>30 June 2015..... 6.86%</p> <p>30 June 2014..... 16.44%</p> <p>5 year average**11.66%</p>	<p>Annual returns at:</p> <p>30 June 2018..... 12.10%</p> <p>30 June 2017..... 17.08%</p> <p>30 June 2016..... -4.35%</p> <p>30 June 2015..... 18.25%</p> <p>30 June 2014..... 15.47%</p> <p>5 year average**11.38%</p>	<p>Annual returns at:</p> <p>30 June 2018..... 7.18%</p> <p>30 June 2017..... 8.54%</p> <p>30 June 2016..... 8.66%</p> <p>30 June 2015..... 7.99%</p> <p>30 June 2014..... 5.80%</p> <p>5 year average** 7.63%</p>
<p>Investment objectives:</p> <p>Outperform the blended benchmark of 85% MSCI Australia Quarterly Unlisted Infrastructure Index and 15% Bloomberg AusBond Bank Bill Index over rolling 5-year periods.</p>	<p>Investment objectives:</p> <p>To outperform the S&P/ASX 300 Accumulation Index over rolling 5 year periods.</p>	<p>Investment objectives:</p> <p>To outperform the Mercer All Country World Index ex. Aus in \$AUD – 50% hedged/50% unhedged over rolling 5 year periods.</p>	<p>Investment objectives:</p> <p>Outperform the blended benchmark of 85% Mercer/IPD Australian Property Index and 15% Bloomberg AusBond Bank Bill Index over rolling 5-year periods.</p>
<p>Investment Strategy:</p> <p>This option is only invested in infrastructure and is therefore highly exposed to any movements in this sector.</p>	<p>Investment Strategy:</p> <p>This option is only invested in Australian shares, and is therefore much more exposed to volatility in the Australian share market than the High, QIEC MySuper or Conservative Growth Options.</p>	<p>Investment Strategy:</p> <p>This option is only invested in international shares, and is therefore much more exposed to volatility in the international share markets than the High, QIEC MySuper or Conservative Growth Options.</p>	<p>Investment Strategy:</p> <p>This option is only invested in property and is therefore highly exposed to any movements in this sector.</p>
<p>Strategic asset allocation</p> <p>■ Infrastructure 85.0%</p> <p>■ Cash 15.0%</p> 	<p>Strategic asset allocation</p> <p>■ Australian Equities 100.0%</p> 	<p>Strategic asset allocation</p> <p>■ International Equities 100.0%</p> 	<p>Strategic asset allocation</p> <p>■ Direct Property 85.0%</p> <p>■ Cash 15.0%</p> 
<p>Type of investor this would suit:</p> <p>Investors with a medium to long term investment horizon who are looking for exposure to the general economy but with lower volatility requirements.</p>	<p>Type of investor this would suit:</p> <p>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.</p>	<p>Type of investor this would suit:</p> <p>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.</p>	<p>Type of investor this would suit:</p> <p>Investors with a medium to long term investment horizon who are looking for exposure to the general economy but with lower volatility requirements.</p>
<p>Suggested investment period:</p> <p>At least 7 to 10 years</p>	<p>Suggested investment period:</p> <p>At least 10 years</p>	<p>Suggested investment period:</p> <p>At least 10 years</p>	<p>Suggested investment period:</p> <p>At least 7 to 10 years</p>
<p>Risk Level[^]:</p> <p>Medium to High</p>	<p>Risk Level[^]:</p> <p>Very High</p>	<p>Risk Level[^]:</p> <p>Very High</p>	<p>Risk Level[^]:</p> <p>Medium to High</p>
<p>Estimated number of negative annual returns:</p> <p>3.5 over any 20 year period</p>	<p>Estimated number of negative annual returns:</p> <p>6.2 over any 20 year period</p>	<p>Estimated number of negative annual returns:</p> <p>6.2 over any 20 year period</p>	<p>Estimated number of negative annual returns:</p> <p>3.5 over any 20 year period</p>

[#]Approximately 17% of the International Equities asset class and approximately 100% of the USD exposure within the Growth Alternatives and Property strategic asset allocations are hedged to Australian dollars. This is subject to change at the discretion of the Trustee.

^{**}This figure is the compound average effective rate of net earning of the investment option over the period.

[^]Please refer to the information on Standard Risk Measures on page 10 of this document.

Past performance is not a reliable indicator of future performance.

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How and when investment earnings are applied to accounts

Investment earnings are only applied to members' accounts upon the occurrence of the earliest of the following events:

- effective 30 June when the final crediting rate for the full financial year is declared;
- when a member aged under 60 elects to retain a Total & Permanent Disablement (TPD) insurance benefit within the Fund;
- the date an investment switch is applied to the member's account (see details below); and
- when a member withdraws all or part of their benefit from the Fund.

QIEC Super applies investment earnings as per above to members' entire account balance. For example, where a member withdraws part of their superannuation balance, crediting rates will be applied to the entire balance, not simply the amount withdrawn. The crediting rates applied will be dependent on the crediting rates declared at the time QIEC Super processes your request. Members should be aware that crediting rates may change from the time a request is submitted

to when QIEC Super actions the request. Current crediting rates can be found at qiec.com.au/members/what-we-offer/performance/investment-performance

Application of weekly declared crediting rates

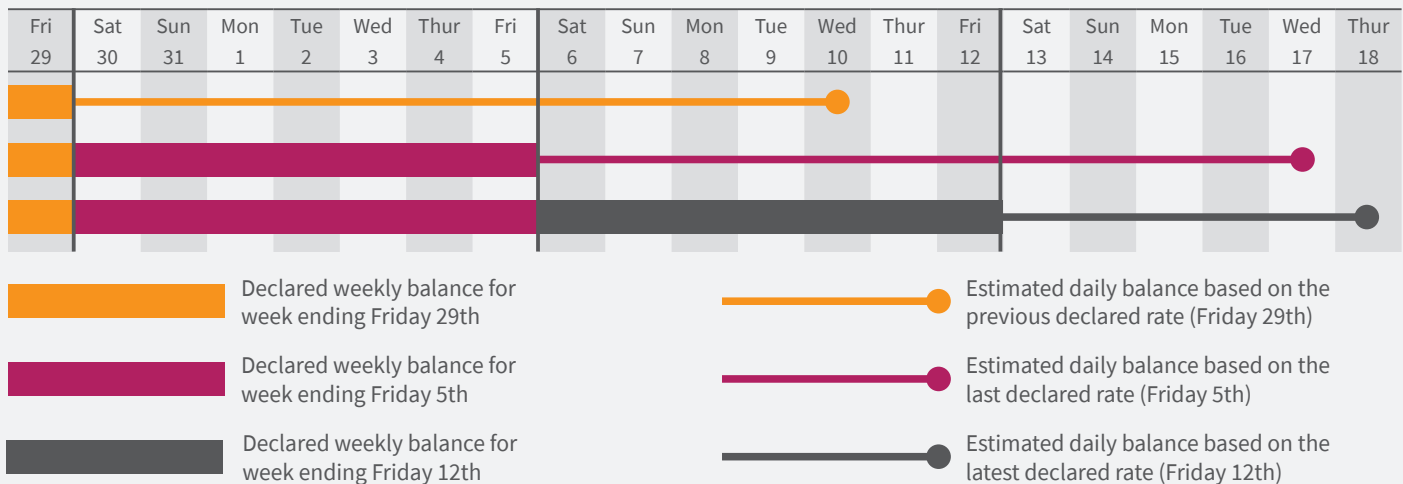
All weekly declared crediting rates are notionally allocated to members' accounts throughout the year based upon transactions in each month. Crediting rates are notionally allocated to members' accounts daily (simple interest) and compounded weekly.

These crediting rates are calculated by the Fund's custodian with regard to the actual investment return on the Fund's assets after deduction of estimated tax, indirect investment costs and the indirect asset based administration cost.

If a member views their account via Member Online, the estimated account balance shown incorporates all the weekly declared crediting rates set throughout the financial year. In addition to this, for the period where a weekly declared crediting rate has not been set, the last known weekly declared crediting rate is used in calculating investment earnings applicable to member's accounts for this period. Crediting rates are generally declared on Thursday for the weekly period ending the previous Friday. A visual example of this is outlined below. Crediting rates may be positive or negative.

Weekly crediting rates and account balance estimations

The below diagram illustrates how account balances are estimated for three different dates, Wednesday the 10th, Wednesday the 17th and Thursday the 18th.



What is your estimated account balance made up of on Wednesday 10th?

If a member looked at their estimated account balance on Wednesday 10th, their estimated account balance is determined by applying all weekly declared crediting rates up to Friday 29th, plus an estimate for the period Saturday 30th to Wednesday 10th. This estimate is based on the latest weekly declared crediting rate (Friday 29th).

What is your estimated account balance made up of on Wednesday 17th?

If a member looked at their estimated account balance on Wednesday 17th, their estimated account balance is determined by applying all weekly declared crediting rates up to Friday 5th, plus an estimate for the period Saturday 6th to Wednesday 17th. This estimate is based on the latest weekly declared crediting rate (Friday 5th).

What is your estimated account balance made up of on Thursday 18th?

On Thursday 18th, the new weekly declared crediting rate is released for the week ending Friday 12th. As a result, if a member looked at their estimated account balance on Thursday 18th, their estimated account balance is determined by applying all weekly declared crediting rates up to Friday 12th, plus an estimate for the period Saturday 13th to Thursday 18th. This estimate is based on the latest weekly declared crediting rate (Friday 12th).

Weekly interim crediting rate policy

In processing benefit payments, in addition to the application of all weekly declared crediting rates set throughout the financial year, for the period where a weekly declared crediting rate has not been set, the last known weekly declared crediting rate will be used to process benefit payments. For the rules surrounding the application of weekly declared rates applicable to investment switches, refer below.

The Trustee reserves the right to load and utilise interim crediting rates in the event of significant market movements or other events where deemed appropriate to preserve member equity.

Depending on the circumstances surrounding the interim crediting rate, it may be positive or negative. The Trustee also reserves the right to cease processing of all member transactions should an error be identified in any crediting rate (declared or interim) and may not commence processing member transactions until the error is rectified.

In a weekly crediting rate environment, what happens if I switch?

Existing account balance

Investment switches to an existing account balance are processed weekly. Any switches to an existing account balance that are received by the cut off time each Thursday will be applied to the member's account effective the next day (Friday).

The cut off time for paper switches is 5.00 pm Thursday¹ and for electronic (online) switches, is midnight Thursday.

Switch transactions are only processed when all weekly declared crediting rates for the switch period are known (including the final week in which the switch will be effective). Therefore, switches are processed and will appear in the member's account on Thursday² of the following week after the switch has been lodged, provided the switch is lodged by the cut off time.

As a result, please note when referencing your account balance on Member Online prior to lodging your switch or prior to your switch being processed, this will not reflect the exact balance on which your switch will be applied.

¹ These cut off times are based on Brisbane time (AEST). Where the Thursday (cut off day) is a national public holiday, the cut off becomes the previous business day.

² In the event that there is a national public holiday, switches may be processed and appear on member's accounts on Friday of the following week after the switch has been lodged, provided the switch is lodged by the cut off time.

Example: Switch received by weekly cut off time

- Member posts a paper switch request to existing account balance on Monday, 1 January;

- The Fund receives this request Wednesday, 3 January (note the cut off time for paper switches for this weekly price is 5:00 pm Thursday, 4 January);
- The switch request will be effective from Friday, 5 January, but will not appear on the member's account until the following Thursday (Thursday, 11 January).

If a switch request is received after the cut off time of any one week, it will be applied to the member's account effective the following Friday in the next weekly crediting rate cycle. These transactions will be processed and appear on the member's account on Thursday week. Below is an example.

Example: Switch received after weekly cut off time

- Member posts a paper switch request to existing account balance on Wednesday, 3 January;
- The Fund receives this request Friday, 5 January (note the cut off time for paper switches for this weekly price is 5:00 pm Thursday, 4 January);
- The switch request will be effective from Friday, 12 January, but will not appear on the member's account until the following Thursday week (Thursday, 18 January).

Switches at end of financial year and the beginning of the new financial year

The weekly crediting rate cycle is different for the final week of June.

In the interest of member equity, QIEC Super will utilise interim crediting rates for the final week of June and the subsequent weeks in July until the declared weekly crediting rate for 30 June is set. The declared crediting rate for 30 June will be calculated and declared to members no later than 14 business days following the end of the financial year.

Switches submitted in the last week of June will be subject to a different cut off time

The cut off time for receipt of paper switches is 5.00 pm on the last business day prior to 30 June, and for electronic (online) switches, the cut off time is midnight on the last business day prior to 30 June.

Any switch request to an existing account balance received by the above cut off times will be applied to the member's account effective 30 June. These transactions will be processed and appear on members' accounts the following week using an interim crediting rate for the last period in the financial year.

Any switch request to an existing account balance received after the above cut off times and in the first two weeks of July will also be processed utilising interim crediting rates for the periods where interim crediting rates have been set. These transactions will be processed and appear on members' accounts as per the usual crediting rate cut off times and effective dates.

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Future contributions

Any switches to future contributions will be applied to the member's account effective the day the request is received by the Fund. These transactions will be processed and appear on the member's account within 1 business day of receipt.

Switch fees

A member can only submit one switch request per weekly crediting rate cycle. The Fund allows one free switch per financial year for existing account balances. Each subsequent switch is \$20 and will be charged to the member's account. Switches to future contributions are free.

In a weekly crediting rate environment, what happens if I leave?

If you exit the Fund, the member's account balance will be credited with all applicable weekly declared crediting rates until the date of exit.

Effective date of contributions

Contributions and rollovers are credited to members accounts effective the date of allocation.

Tax, fees and costs

Indirect fees and costs for each investment option

Investment option	Indirect investment fee ¹	Indirect Administration Fee ²	Indirect Cost Ratio (ICR) ³	Total Indirect Fees and Costs ⁴
QIEC MySuper	0.17%	0.30%	0.98%	1.45%
High Growth	0.17%	0.30%	1.06%	1.53%
Conservative Growth	0.20%	0.30%	0.70%	1.20%
Cash	0.07%	0.30%	0.02%	0.39%
Fixed Interest	0.07%	0.30%	0.35%	0.72%
SRI	0.07%	0.30%	0.87%	1.24%
Infrastructure	0.07%	0.30%	1.53%	1.90%
Australian Shares	0.18%	0.30%	0.69%	1.17%
International Shares	0.22%	0.30%	0.84%	1.36%
Property	0.19%	0.30%	0.79%	1.28%

¹ The indirect investment fees are current and include performance based fees, which vary between 0.00% and 0.12% depending on the investment option.

² The current indirect administration fee is 0.30%.

³ The indirect costs included in the ICR are based on actual costs for the year ended 30 June 2018.

⁴ These indirect fees and costs do not include an amount for property operating costs, which are estimated to be between 0.00% and 0.69%, nor borrowing costs, which are estimated at between 0.00% and 0.33%, depending on investment option, for 2017/18.

All of these indirect fees and costs are deducted from the Fund's investment returns, prior to the determination of crediting rates.

Deduction of fees and costs

The fees and costs applying to your account are set out in the *QIEC Super PDS* and the *Fees and Costs Fact Sheet* available at qiec.com.au/forms-and-resources/publications.

Tax on investment earnings

For information about how superannuation investment earnings and benefits are taxed, please refer to the *How super is taxed Fact Sheet* available at qiec.com.au/forms-and-resources/publications.

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 products and performance of investments; and
- Meet with fund managers on a regular basis to discuss their strategy and their performance.

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.

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, unless it is consistent with the manager's investment strategy. 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 will not be used for speculative purposes.

Over shorter periods, the effect on investment returns is expected to vary from year to year. The Trustee will regularly monitor the overall asset allocation of the Fund.

QIEC Super's Socially Responsible Investment option

QIEC Super does offer a Socially Responsible Investment (SRI) option. The SRI option invests in the AMP Responsible Investment Leaders Balanced Fund.

This option takes account of the following factors in choosing its investments:

- Environmental considerations - including energy and resource use and product stewardship
- Social considerations – including indigenous relations and community involvement

- Ethical considerations – including meeting fundamental human rights, and articulating and implementing a Code of Conduct
- Labour standards – including occupational health and safety, International Labour Organisation standards, working conditions and the exclusion of child labour
- Governance considerations – including meeting corporate governance guidelines on board structures and remuneration.

Additionally, fund managers will also be well regarded if they actively participate in corporate engagement and governance initiatives.

Please note AMP may change the Strategic Asset Allocation and fund managers within this product at any time without notice, and that QIEC Super has no control over this.

AMP selects SRI managers based on three key criteria:

- financial assessment process and ability to factor labour standards, ethical, social, and environmental factors into company selection
- avoiding investment in companies with material exposure (greater than 10% on key financial measures) to the production or manufacture of tobacco, uranium, armaments, gambling, alcohol, or pornography
- selecting optimal manager combination.

Other than the above process, there is no predetermined view as to how far labour standards or environmental, social, or ethical considerations will be taken into account in the selection and retention of investments.

Companies are monitored on an ongoing basis with respect to environmental, social and governance considerations, with formal reviews typically being undertaken every two years. If a company falls below SRI standards it is sold within six months.

Environmental, Social and Governance Policy (ESG)

In relation to the investment options other than the SRI option, the Trustee believes that consideration of environment, social, governance (ESG) or other sustainability related factors can assist in delivering superior long term risk adjusted returns and deliver on stated investment objectives for members. The Trustee does not specifically take labour standards into account however, labour standards are considered within the 'social' element of ESG.

The Trustee engages investment managers to assist in the investment selection process and these managers are responsible for identifying, assessing and managing ESG risks that relate to individual investments.

A copy of QIEC Super's ESG Policy is available at qiec.com.au/members/what-we-offer/performance/esg-policy

Helping you understand the asset classes

These are the building blocks of your overall investment. To put it simply, asset classes are groups of investments that have similar characteristics or components. As you understand more about each asset class and how they may perform, you will be able to make a better decision about which investment option or combination is right for you.

Equities

Buying equities or shares effectively means that you own part of a company. QIEC Super offers both an Australian Equity and International Equity asset class. The Australian Equity asset class will only invest in companies listed on the Australian Stock Exchange (ASX). The International Equities asset class invests in companies listed on various international stock exchanges in both developed and emerging markets.

The return on these investments comes in the form of income from either:

- the receipt of dividends from various companies; and/or
- capital growth from changes in share value.

Within QIEC Super's Australian and International Equity asset classes, QIEC Super appoints specialised investment managers who manage individual investment strategies on behalf of the Fund.

Equities can be one of the riskier asset classes and are quite volatile. However, over the long term equities aim to provide a higher rate of return when compared to asset classes with lower levels of risk and volatility.

Property

Property exposure can be obtained via listed or unlisted markets. QIEC Super's Property asset class aims to have the majority of its exposure to the unlisted property market. Listed property markets are highly correlated with equity markets and therefore experience higher levels of volatility when compared to unlisted property markets.

Property investments can include residential, industrial, commercial, retail and rural property held either directly or indirectly with other investors through property trusts. QIEC Super currently holds all of its property allocations through property trusts.

The return on these investments comes in the form:

- rental income; and/or
- increase (or decrease) in capital value over time.

Over the long term, the Property asset class aims to provide greater returns than the Cash or Fixed Interest asset classes however, the Property asset class comes with a higher level of investment risk.

Infrastructure

Infrastructure exposure can be obtained through listed and unlisted markets. QIEC Super's Infrastructure asset class aims to have the majority of its exposure to the unlisted Infrastructure market. Listed Infrastructure markets tend to be highly correlated with equity markets and therefore experience higher levels of volatility when compared to unlisted infrastructure markets.

QIEC Super appoints professional infrastructure investment managers within the infrastructure asset class. These managers manage a diverse range of assets across a number of sectors which QIEC Super attains exposure to. These assets are held in an unlisted infrastructure trust. Examples of underlying investments include:

- transportation (toll roads and airports);
- utilities (water and power);
- public buildings (commercial property, schools and libraries); and
- other facilities for governments and communities.

Over the long term the Infrastructure asset class will aim to provide greater returns than the Cash or Fixed Interest asset classes however, the Infrastructure asset class comes with a higher level of investment risk.

Alternatives

As the name might suggest, Alternative assets are a little different to traditional asset classes. They can be defensive or growth assets and are intended to provide meaningful diversification in your investment portfolio. They can be Australian (domestic) or international investments and may include:

- Private equity – investments in companies that aren't on a stock exchange, commonly in the developmental stage or that are looking to expand.
- Hedge funds – managers of these funds use a number of trading techniques with a goal to outperform standard market returns. They may borrow money ("leverage the investment") in order to make meaningful gains.

Fixed Interest

The Fixed Interest asset class can include investments in government bonds, debentures, mortgage trusts and other instruments. These investments can be actively traded by QIEC Super's appointed investment managers.

Bonds can also be used to preserve capital, enhance returns and hedge against inflation.

QIEC Super has both a domestic and international allocation within the Fixed Interest asset class ensuring diversification.

It should be noted that although the term 'Fixed Interest' implies a fixed rate of return, the Fixed Interest is not a riskless asset class. The asset class overall has a medium level of risk, aiming to return more than the Cash asset class but does carry with it a risk of negative returns.

Cash

The Cash asset class consists of investments in the short-term money market and may include term deposits, bank bills and cash management trusts. Cash is generally considered to be the most secure asset class as it often has the lowest volatility, however it also often has the lowest long-term returns.

Understanding investment risk

Which option(s) are best for me and what are the risks?

All investments involve a degree of risk. Investment risk can be described as the possibility of losing or not gaining capital over a given timeframe.

The key to choosing the investment options that are right for you is deciding on the level of investment return you want to achieve and how comfortable you are with investment risk in relation to that strategy. As a general rule, the higher the potential returns on an investment, the higher the level of investment risk that is involved with that investment.

The importance of investment time frames

Risk is dependent on your time frame and risk generally decreases over time. So a long term investment (10 years or more) could have a high likelihood of giving you the investment return you expect after 10 years, even though in any one year the return may be unpredictable.

When deciding which investment option is right, consideration needs to be given to how long your super is going to be invested. This is known as the investment timeframe, and it will be influenced by your age and how long you have to invest.

If your investment timeframe is for the shorter term, it may be more important that you minimise the risk of a negative return and choose a lower risk option. If the investment timeframe is longer, you may consider a higher risk investment option, as you will have more time to ride out the ups and downs that generally come with the higher risk options.

Your investment timeframe should not always be based on your retirement age as the average person spends many years in retirement and you can keep your benefit in super during this time.

So what are the possible investment risks?

Opportunity risk: This is the risk associated with choosing one investment over another, or simply not investing at all. It may be that, because of recent volatility in the share markets, an investor chooses to invest mostly in cash or fixed interest. The opportunity risk here is that share markets, which the investor has avoided, may perform better than cash or fixed interest.

Economic risk: This is the risk involving changes in conditions in the economy, such as interest rates and inflation. Changes to interest rates are likely to affect the performance of cash and fixed interest investments. Changes in inflation may affect the real value of investments.

Diversification risk: If all or most of an investment is in a particular asset class, there is a risk that the asset class may perform poorly. If however an investment is spread over more asset classes, there is less likelihood of losing money. This is because while one asset class may perform poorly, other asset classes may perform well.

Market risk: This relates to the changes in the market as a whole, due to economic or political factors. Changes in the market affect some asset classes significantly.

Credit risk: Some investments carry the risk of suffering a loss due to another party defaulting on their financial obligations.

Currency exchange risk: Changes to the value of the currency of countries where we invest can impact on the value of investments in some asset classes.

Fund risk: This is the risk involved with the management of QIEC Super, which may impact on investments of the Fund.

Legislative risk: Changes to superannuation or taxation laws can impact on investments – especially the returns earned by those investments.

Standard Risk Measure

Each investment option described on pages 2 – 4 will have a risk level assigned to it. This is known as the Standard Risk Measure.

The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s. The seven risk levels are shown in the following table:

Risk Level	Estimated number of negative annual returns over any 20 year period
Very low	Less than 0.5
Low	0.5 to less than 1
Low to medium	1 to less than 2
Medium	2 to less than 3
Medium to high	3 to less than 4
High	4 to less than 6
Very high	6 or Greater

What does the Standard Risk Measure mean for QIEC Super's investment options?

Conservative Growth: Suits investors with a time horizon of at least 3 years, and those whose aim is to achieve consistent returns with reduced levels of risk.

QIEC MySuper: Suits members with an investment horizon of at least 5 to 7 years.

High Growth: Suits 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.

Australian Equities: Suits investors with an investment horizon of at least 10 years. 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.

International Equities: Suits investors with an investment horizon of at least 10 years. 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.

Socially Responsible Investment: Suits investors with an investment horizon of at least 5 to 7 years who are interested in sustainable responsible investing.

Infrastructure: Suits investors with an investment horizon who are looking for exposure to the general economy but with lower volatility requirements.

Property: Suits investors with an investment horizon of at least 7-10 years who are looking for exposure to the general economy but with lower volatility requirements.

Fixed Interest: Suits investors with an investment horizon of at least 3 years. This is a relatively defensive investment option.

Cash: Suits investors with a short investment horizon or for those that are risk averse. This is the most defensive investment option.

If you don't make a choice, your money will be invested in the QIEC MySuper option.

Need help choosing an investment option?

QIEC Super can refer you to a qualified financial planner for help. Please call the Client Contact Centre on **1300 360 507** for more information.

QIEC Financial Planning advice is provided by My Super Future Pty Ltd (ABN 38 122 977 888) Australian Financial Services Licensee (AFSL no. 411440) and is authorised to provide personal financial advice.

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General Advice Warning

This information is of a general nature and does not take account of your individual financial situation, objectives or needs. Before acting on this advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You should obtain a Product Disclosure Statement (PDS) and consider the PDS before making any decision. If you require specific advice, you should contact a licensed financial adviser. QIEC Super Pty Ltd (ABN 81 010 897 480), the Trustee of QIEC Super (ABN 15 549 636 673), is Corporate Authorised Representative No. 268804 under AFSL No. 238507 and is authorised to provide general financial product advice in relation to superannuation.