



## INVESTMENT UPDATE FOR JUNE 2006 QUARTER



### Inside this issue

- Market update – June 2006
- Credited Interest Rates
- Credited Interest Rate variability
- Budget update
- Trustee Director changes
- Annual Member Benefit Statements

**Credited  
Interest Rate  
14.74% for year\***

*\* Growth Option*

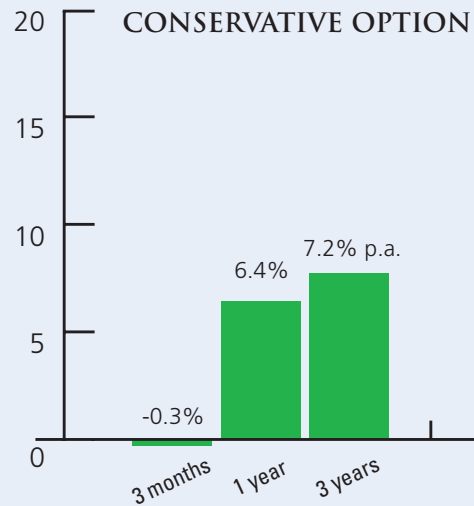
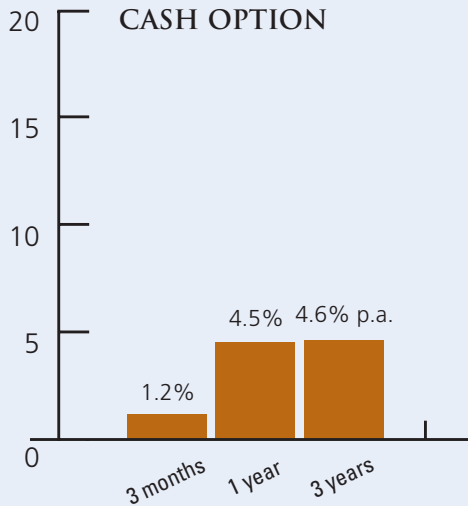
QANTAS  
SUPERANNUATION PLAN  
**INVESTMENT UPDATE**



# INVESTMENT UPDATE

FOR THE 3 MONTHS TO 30 JUNE 2006

## CREDITED INTEREST RATES



Note: The Credited Interest Rates shown in the above graphs are the actual rates credited since Investment Choice was introduced from 1 April 2005. Prior to that, the rates are simulations only, based on index returns for the assets contained in each investment option. **Investment returns can go up or down. Past performance and simulations of this type may not be a reliable indicator of future performance.**

## MARKET UPDATE

Recent performance by the Plan's asset sectors (before tax) were as follows:

Asset Class	Quarter	Year	3 Years (p.a.)
Australian Equities	▼ -1.3%	24.3%	25.4%
International Shares	▼ -3.5%	22.8%	15.0%
Direct Property	▲ 5.9%	14.8%	11.7%
Listed Property	▼ 0.8%	18.2%	17.4%
Private Capital	▼ 3.7%	18.5%	19.2%
Hedge Funds	▼ 0.2%	12.9%	n/a
Emerging Markets and High Yield Debt	▼ -1.6%	3.9%	n/a
Australian Fixed Interest	▼ -0.1%	3.5%	4.6%
Australian Indexed Bonds	▲ 0.1%	4.4%	4.9%
International Fixed Interest	▲ -0.7%	-0.3%	5.3%
Cash	▲ 1.4%	5.4%	5.0%

Following strong investment returns for many months, investment markets were much weaker in the quarter to 30 June 2006, with several sectors delivering negative returns for the quarter. The aggregate investment performance of the Plan was -0.7% for the quarter after tax.

Despite this, the overall investment returns over longer periods, such as 12 months and 3 years were strong. This performance was driven by strong annual returns in most asset classes (other than international fixed interest).

## CREDITED INTEREST RATES (CIR'S)

The CIR's since 1 July 2005 have been:

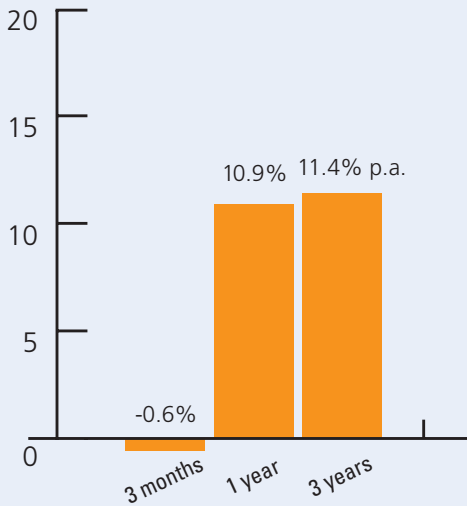
Quarter ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option	Division 9 members
30 Sep 05	1.06%	2.50%	4.40%	5.86%	6.94%	6.62%
31 Dec 05	1.15%	2.27%	3.04%	3.68%	4.15%	4.18%
31 Mar 06	1.05%	1.83%	3.67%	5.24%	6.42%	5.91%
30 Jun 06	1.17%	-0.34%	-0.55%	-0.66%	-0.74%	-0.69%

For the growth option, these quarterly rates compound to an annual rate of 14.74%.

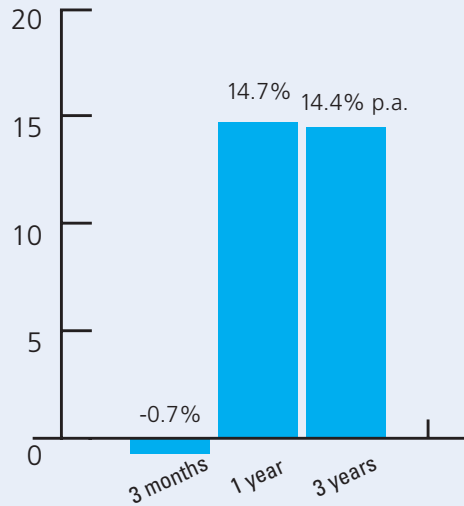
## IMPORTANT NOTE

The items in this newsletter have been provided for information only. Any decisions you may make on any of these matters should have regard for your personal circumstances and tax position, and we would strongly recommend you seek financial planning advice to assist you making decisions about your options in the Plan.

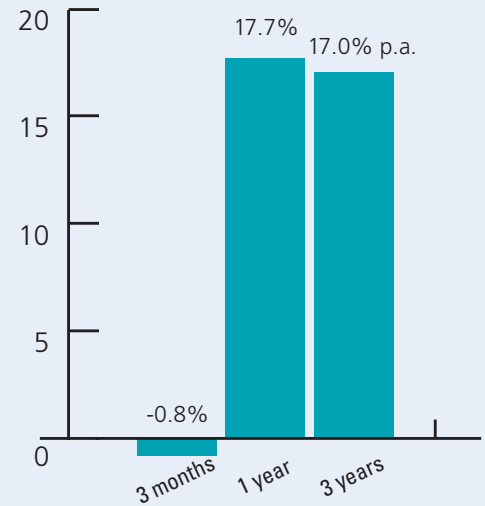
### BALANCED OPTION



### GROWTH OPTION



### AGGRESSIVE OPTION



## CREDITED INTEREST RATE VARIABILITY

Although the CIRs were strong for the first three quarters of 2005/06, they were much lower in the final quarter.

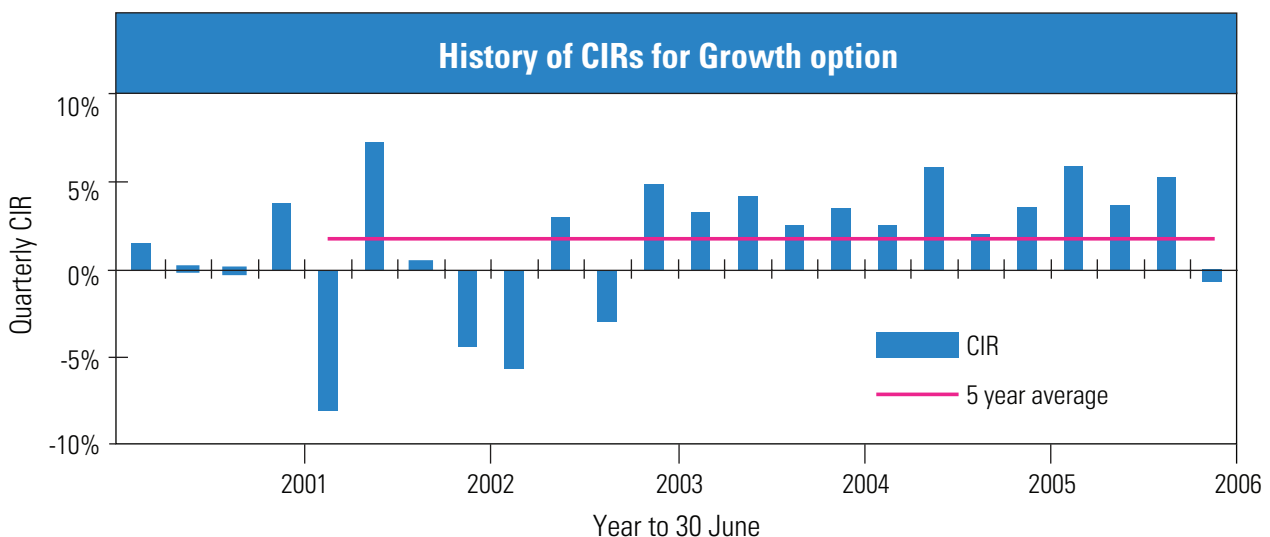
The CIRs reflect the actual investment performance of the various asset sectors that make up each MIC Option. Because the investment performance of the asset sectors is variable, so too are the CIRs.

For MIC Options dominated by risk controlling assets (including cash and fixed interest) such as the Cash Option or the Conservative Option, the investment performance

and CIRs are generally expected to be lower, but more stable.

By contrast, for MIC Options dominated by return seeking assets (including equities, property or alternative assets) such as the Growth Option or the Aggressive Option, the investment performance is expected to be more volatile, but higher in the long run.

To illustrate the potential volatility of the CIRs for the Growth Option, the following graph shows a history of the CIRs since 1 April 2005 (when MIC was introduced). Prior to that, the quarterly returns are simulated from the actual





# UPDATE

QANTAS SUPERANNUATION PLAN

quarterly investment returns of the Plan:

The graph in the previous page shows:

- Recent quarterly performances have been consistently strong up until the March 2006 quarter
- The period around 2001 and 2002 was much more volatile quarter by quarter; and
- Over the year to 30 June 2002, performance was particularly poor, with an overall return of -5.2%.

When looking over a longer period, for the 5 years to 30 June 2006 the average return was 7.1% per year net of tax (1.72% per quarter). This shown as a straight line on the graph. Or put another way, \$100 invested in the Plan at 1 July 2001 would have grown to \$141 as at 30 June 2006.

This illustrates the very important investment principle that over a long period of time, fluctuating investment performance tends to "average out".

More information on the investment characteristics of each MIC Option is contained in your Product Disclosure Statement or on the Plan's website in the Investment section.

**And finally, while there may appear to be patterns in the above graph, using past performance to predict what will happen in future quarters may not be at all reliable. Financial planning support should be sought when making decisions which are influenced by future events.**

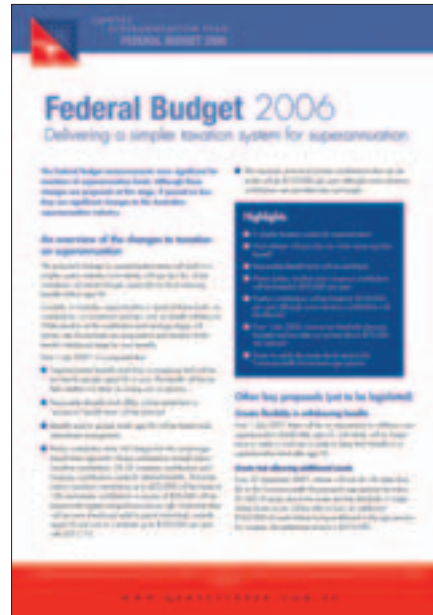
## ANNUAL MEMBER STATEMENTS

Personalised statements providing benefit entitlements and other details as at 30 June 2006 will be distributed in the next few weeks.

## BUDGET UPDATE

An update containing information about the changes to superannuation announced in the 2006 budget has been prepared for Plan members and is available on the Plan's website (in the documents sections, under "Newsletters").

All members are encouraged to read this document.



## TRUSTEE DIRECTOR CHANGES

Since the last newsletter, Mr. Gary Wilson (Group B – Flight Attendant member-elected Director) has resigned as a Director of Qantas Superannuation Limited. The trustee would like to thank Mr. Wilson for his valuable contribution to the Plan.

An election for this vacant position will be undertaken shortly. In addition an election for Group A – Technical Aircrew will also be held later this year.