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May 2009

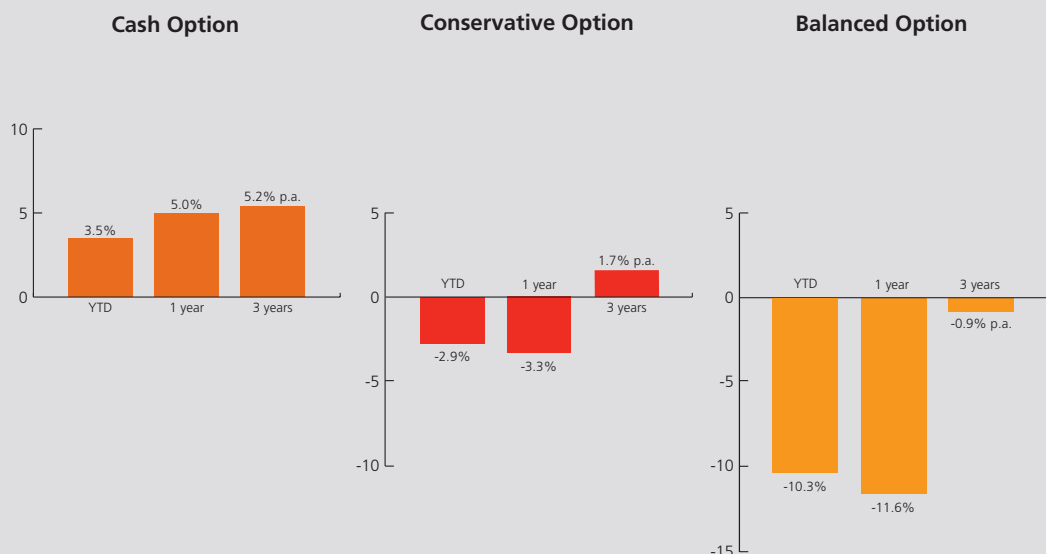
Qantas Superannuation Plan



Credited Interest Rates (CIRs) – periods to 31 March 2009

Note:

The Credited Interest Rates shown in these graphics are the actual rates credited. CIRs can go up or down. Past performance may not be a reliable indicator of future performance. These rates do not apply to Division 9 or Division 14 members – see the table on the right.



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Investment Performance

The net investment performance for the periods to 31 March 2009 for the entire Plan were:

- -2.1% for the quarter;
- -16.0% for the 12 months;
- -2.6% p.a. for 3 years;
- +4.9% p.a. for 5 years

The performance of the Plan's asset sectors (before tax) were:

Asset Class Returns (periods to 31 March 2009)

Asset Class	Quarter (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
Australian Equities	-1.5	-29.4	-6.8	6.4
Overseas Equities	-9.2	-32.7	-12.8	-0.9
Property	-2.2	-3.8	11.1	11.5
Private Capital	-9.7	-6.2	13.7	16.8
Hedge Funds	-0.3	-8.2	-4.1	n.a.
High Yield and Emerging Market Debt	5.7	-15.7	-3.2	n.a.
Australian Fixed Interest	-0.2	10.7	5.4	5.7
Australian Indexed Bonds	3.2	-0.7	4.1	5.3
International Fixed Interest	1.0	5.1	6.1	6.2
Cash	0.9	6.1	6.3	5.8

Recent Investment Markets

Similar to 2008, the first quarter of 2009 produced returns which were again very mixed. In January and February, negative investment returns across equity markets around the globe lead to negative Credited Interest Rates for most MIC Options.

During March global equity markets rebounded strongly to achieve the largest monthly increase for some time.

The Credited Interest Rates for each MIC Option for each month in the tables above illustrate these movements.

The sharply rising markets in March have lead to early optimism that markets are beginning a longer term recovery, although many investors are wondering whether the March performance was simply a short-term spike or genuine evidence of a longer-term upswing.

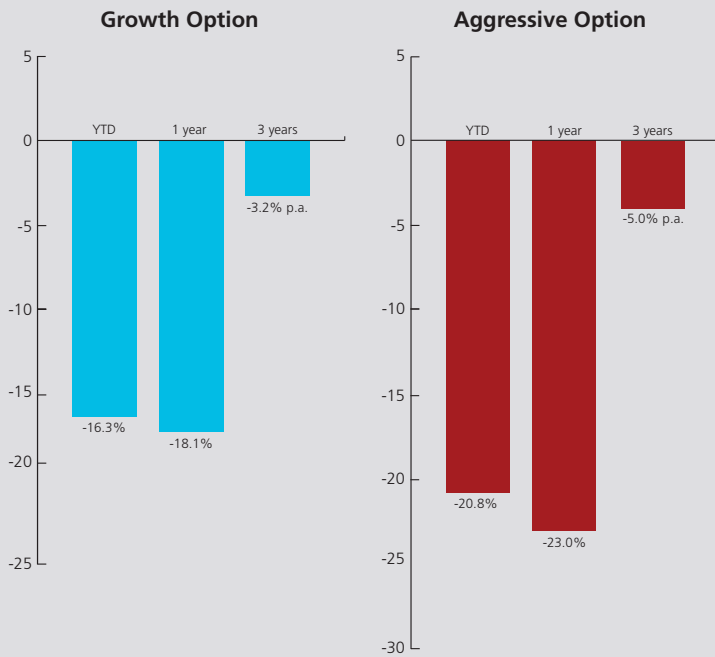
At the same time, the Reserve Bank has been progressively reducing interest rates. This has led to lower returns from risk-controlling assets such as cash and fixed interest.

Over the next few months there is considerable uncertainty as to what the investment markets will do, and how this will impact on Credited Interest Rates.

Options for members with accumulation accounts

Most members have the option to choose an investment strategy from the range of MIC Options offered by the Plan to apply to their accumulation account(s). The most important consideration with choosing or reviewing your MIC Option is to develop a long term strategy which is aligned with your goals, and to maintain this strategy over time.

There is considerable evidence to suggest that individuals (including experienced investors) who try to guess the timing of future market movements are not consistently successful. Maintaining a stable long term strategy through periods of high variability requires some discipline.



The CIRs since 1 January 2009 have been:

Month	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
Jan 09	0.31%	0.42%	-0.49%	-1.31%	-1.94%
Feb 09	0.30%	-1.93%	-3.05%	-3.91%	-4.50%
Mar 09	0.17%	1.38%	2.12%	2.72%	3.14%
Apr 09	0.22%	1.15%	2.36%	3.39%	4.13%

For Division 9 and Division 14 the monthly CIRs have been:

Month	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
Jan 09	0.35%	0.53%	-0.51%	-1.43%	-2.17%
Feb 09	0.36%	-2.20%	-3.43%	-4.38%	-5.01%
Mar 09	0.20%	1.59%	2.42%	3.08%	3.56%
Apr 09	0.26%	1.29%	2.65%	3.82%	4.65%

History tells us that markets will inevitably rise again, even if waiting for this to occur does test our patience.

Some of the factors most likely to be of relevance in selecting your MIC Option are:

Asset types and their risk/return characteristics

The Plan invests in a range of asset types. These are generally grouped into return-seeking assets and risk-controlling assets.

Return-seeking assets, such as equities and property, are investments which are expected to deliver higher returns over time, but whose return in the short term (eg month to month) may be more variable. There are a range of asset types which are return-seeking, with different return/volatility characteristics.

Risk-controlling assets, such as fixed interest investments and cash, are expected to deliver stability of returns from month to month, but with lower returns over time.

The MIC Options were developed to allow members to choose which mix of return-seeking or risk-controlling assets they prefer. For example:

	Return-seeking	Risk-controlling
Cash Option	nil	100%
Conservative Option	27%	73%
Balanced Option	55%	45%
Growth Option (default)	80%	20%
Aggressive Option	100%	nil

Details of the particular asset types (equity, property, fixed interest etc) for each MIC Option are contained in the Product Disclosure Statement for your Division, or from the Plan’s website under investments. This information also contains details about the characteristics of the MIC Options, such as expected average returns and risk measures, fees and a simulated annual history of these options.

Diversification

The size of the Plan allows the investments backing each MIC Option to be well diversified. Good diversification means that the reliance on a small number of investments is reduced. Therefore within an asset sector such as equities, a wide range of different investments are held.

The Plan also diversifies over a number of asset classes. In this way, when some asset classes are underperforming expectations others may be outperforming expectations, which helps reduce the volatility in the overall Credited Interest Rates.

And finally, the Plan is also spreads its investments across a number of investment managers, reducing the reliance on a small number of firms or individuals.

Timeframe

Some members may be investing for a short period and others may be investing for a long period. Generally, as the period of investments lengthens, the overall impact of volatility reduces and the average returns become more stable. This often allows longer term investors to adopt a more return-seeking approach than for short-term investors.

It is important to remember that the account balance at the end of the investment period is influenced by the average return throughout the period, rather than how much the returns vary during the period.

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 strongly recommend you seek professional financial planning advice to assist you making decisions about your options in the Plan.

Contact Details

Phone

1300 654 384
(within Australia)
+61 2 9374 3930
(outside Australia)

Fax

02 9372 6288
(within Australia)
+61 2 9372 6288
(outside Australia)

Postal Address

Qantas Superannuation Plan
Locked Bag A4075
Sydney South NSW 1235

Email

info@qantassuper.com.au

website

www.qantassuper.com.au

Risk tolerance

Different individuals have a different tolerance to risk and the potential for low or negative returns. For example:

- some members may be happy to target high returns over a long timeframe, by investing in growth assets and accepting the risk of receiving a negative return in some periods;
- some may prefer a more balanced growth, by seeking a mix of more modest returns for a lower potential for low or negative returns; or
- for some members the need to protect their account balances (eg if they need to use the monies soon) and therefore prefer to accept a lower expected return for higher levels of stability.

Examples of MIC Options that might suit certain stages of life:

- Members near the start of their career will have a long timeframe over which to accumulate retirement savings. These members might be focused on maximizing contributions (such as the Government's co-contributions) and choosing a MIC Option which is likely to maximize the average return over the period until retirement;
- Members further into their career may be more focused on the benefits of tax offsets from spouse contributions with a MIC Option still focused on long term return outcomes. Cash flow considerations may be important for some members, such as education costs for children or mortgage repayments, while others may have greater capacity to lift savings through salary sacrifice options;
- For those members nearing retirement, the capacity to contribute to superannuation through salary sacrifice and/or draw income from superannuation (Transition to Retirement Pension) provides further flexibility. Transition to Retirement accounts offer tax benefits as the earnings on these assets are tax free; and
- For members who have retired, there are a variety of ways to access superannuation as income. As the investment timeframe for these members may be shorter, a MIC Option with greater focus on risk-controlling assets may be important to provide some protection to accumulated savings.

Clearly the choice of MIC Option requires consideration of a range of factors and relies heavily on personal circumstances. Of course there will also be other factors specific to your circumstances, which need to be taken into account.

Accordingly, because of the importance of investment returns to your ultimate superannuation benefit, we would strongly encourage you to seek appropriate financial planning advice to assist you in this regard.

Funding for defined benefits

Some Plan members are entitled to defined benefits. These benefits are generally calculated by reference to superannuation salary (Final Average Salary) and length of service.

Accordingly, these benefits are not impacted by investment returns, and do not move up or down as the investment returns vary.

Over time, the Company makes contributions which are sufficient to meet these defined benefits. The structure of the defined benefits and the funding of those benefits has been designed to take account of the risk that there will be times when assets are higher relative to the defined benefits and lower relative to those benefits. This relationship is monitored by the Trustee and the independent Actuary, who makes recommendations as to changes to the rates of contribution when appropriate.

Following the recent downturn in the investment markets, a revised funding plan for the defined benefit divisions of the Qantas Superannuation Plan (the Plan) has been implemented to reflect the adverse performance of financial markets over recent months.

Both the Trustee and Qantas Airways have agreed to this funding plan and the associated monitoring program.

In addition to current contributions, further payments totaling \$66 million will be made by the Company over the next three years. This agreement reinforces the ongoing support of superannuation arrangements by the Company. The Plan currently has assets of around \$5 billion.

Confirmation of the new funding plan has also been provided to APRA, the regulator for superannuation.

The Trustee assures members that the Plan remains strong, despite the challenging economic environment. Member benefits continue to be met and the Trustee maintains its focus on managing the Plan over the long term for the benefit of all Members.