



INVESTMENT UPDATE
FOR SEPTEMBER 2005 QUARTER



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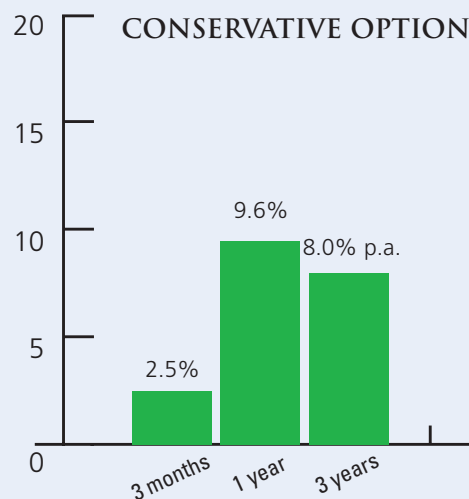
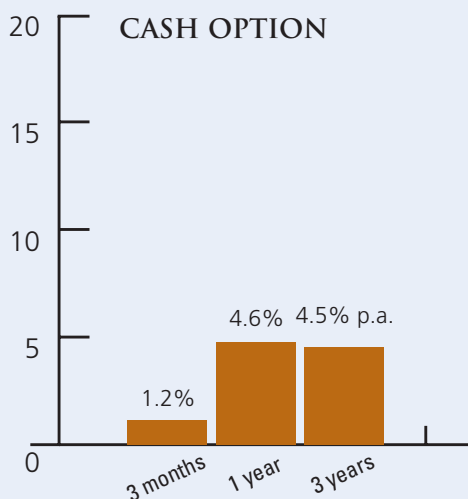
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INVESTMENT UPDATE

FOR THE 3 MONTHS TO 30 SEPTEMBER 2005

INVESTMENT OPTIONS' PERFORMANCE (NET OF TAX)



Note: The investment performance shown in the above graphs includes the actual returns since Investment Choice was introduced from 1 April 2005. Prior to that, the returns are simulation 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	▲ 11.5%	33.2%	22.9%
International Shares	▲ 9.4%	19.8%	9.8%
Direct Property	▼ 2.1%	13.0%	10.3%
Listed Property	▼ 2.6%	15.4%	16.1%
Private Capital	▼ 3.5%	20.7%	15.3%
Hedge Funds	▲ 2.5%	8.5%	n/a
Emerging Markets and High Yield Debt	▼ 2.8%	n/a	n/a
Australian Fixed Interest	▼ 0.9%	6.2%	5.9%
Australian Indexed Bonds	▼ 1.7%	6.9%	6.7%
International Fixed Interest	▼ 0.3%	9.0%	8.3%
Cash	▲ 1.3%	5.0%	4.7%

Investment returns for the Plan continued to be favourable for equities, both in Australia and overseas, for the last quarter. The quarterly performance of other sectors has been more variable as shown above.

In aggregate, the investment performance of the entire Plan was:

- 6.1% after tax for the quarter to 30 September 2005; and
- 18.5% after tax for the last 12 months.

CREDITED INTEREST RATES

The Credited Interest Rates (CIRs) since 1 July 2005 are:

Quarter to 30 Sep 05	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
	1.15%	2.50%	4.40%	5.86%	6.94%

These CIRs do not apply to Division 9 members. CIRs for Division 9 members are contained on the website.

LOOKING FORWARD

In recent periods the investment returns of the Plan have been very strong. But it was not that long ago that the Plan's investment return was negative. For example:

- The Plan earned -5.3% for the year to 30 June 2002; and
- The 5 year average return for the Plan to 30 June 2005 was only 5.1% p.a..

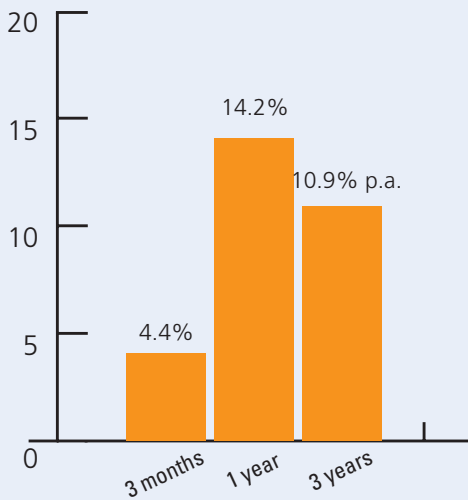
This highlights two very important characteristics about investment returns:

- the long term expected net returns are much lower than the actual returns which have been achieved in recent periods; and

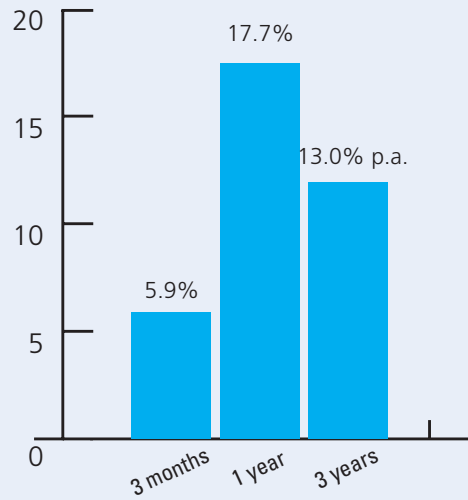
IMPORTANT NOTE

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.

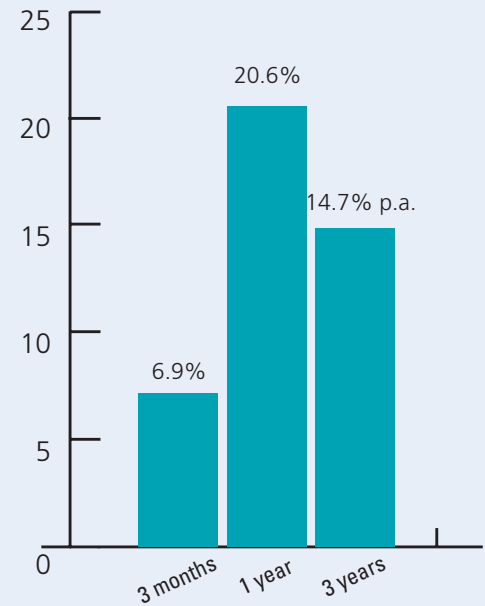
BALANCED OPTION



GROWTH OPTION



AGGRESSIVE OPTION



- the volatility of expected net returns is significant, and changes in actual investment returns can be expected from year to year (or quarter to quarter).

The expected return and variation of returns also varies depending upon the MIC Option chosen and the nature of the investments backing each option. The following table provides a summary of the long term return expectations for each MIC Option.

	Expected Average Return	Range within which 2/3 of annual returns are expected to fall	Expected frequency of negative returns
Cash	4.4% p.a.	1.9% to 6.9%	1 in 100 years
Conservative	5.8% p.a.	1.8% to 9.8%	1 in 14 years
Balanced	6.4% p.a.	-0.2% to 13.0%	1 in 6.5 years
Growth	7.1% p.a.	-1.9% to 16.1%	1 in 5 years
Aggressive	7.5% p.a.	-3.4% to 18.4%	1 in 4 years

Therefore, when considering future levels of returns, these average expected returns may be a better guide than the returns which have recently been achieved.

And because of the expected volatility of returns, it will be very difficult to anticipate what returns might be in the short term – such as this year. Although the ranges shown may look quite wide, it should be remembered that 1/3 of future annual returns are still expected to fall outside of these ranges. **Therefore, we should not be surprised if the actual returns in the short term deviate markedly from those which we have recently enjoyed.**

When measured over longer periods, the range of average annual returns is expected to narrow. Hence it may be possible for members with a longer investment timeframe to adopt a more aggressive investment option than a member with a shorter timeframe, as the longer timeframe allows investment volatility to “average-out” more. **Ultimately your decision about your MIC Option will need to take account of your personal circumstances, and hence it is strongly recommended that you seek financial planning advice to assist you.**

Note - more information about the characteristics of the MIC Options is shown in the Product Disclosure Statements relevant to your Division as contained on the Plan Website, or from the investments section of the Plan Website.



UPDATE

QANTAS SUPERANNUATION PLAN

A NOTE ABOUT SURCHARGE

The Government recently announced that Surcharge would no longer be levied on employer contributions from 1 July 2005.

For Plan members, this means that no further deductions from your surcharge account will be made for contributions made after that date.

Please note that the Plan has not yet received surcharge assessments for the 2004/05 year. These are normally received by the Plan around February, and the Trustee would expect to receive the 2004/05 assessments early in 2006.

Once received and paid, these amounts will be debited to your surcharge account. So if you are looking to make voluntary contributions to reduce or remove your surcharge account, this final surcharge deduction should be taken in account.

After that, it is not expected that further surcharge deductions will be made, other than in unusual circumstances (e.g. a surcharge liability is transferred from an earlier fund).

WEBSITE UPDATED

Members may now access their 30 June 2005 statements from the Plan's website www.qantassuper.com.au, together with:

- updated Product Disclosure Statements (PDS's) for most Divisions; and
- updated PDS's of Divisions 8, 9 and a new PDS for Division 11 (Spouse Account).

CONTRIBUTION SPLITTING

The Government has recently announced that legislation allowing contribution splitting may be applied from 1 January 2006 (previously this had been scheduled for 1 July 2006).

Contribution splitting will allow members to redirect member and employee accumulation contributions to accounts established for their eligible spouses.

At this stage, final regulations containing the precise details about contribution splitting have not yet been released. Once these are available, the Trustee will be considering the introduction of splitting for Plan members.

TRUSTEE DIRECTOR UPDATE

Congratulations to Kash Gillies and Gary Wilson who were re-elected to the Trustee Board for Group D and Group B respectively. Both appointments will be for up to 4 years, with the next elections for these positions scheduled for October 2009.

Also, congratulations and welcome to Mr Peter Cosgrove, AC, MC who joins the Trustee Board as a Company-Appointed Director.