

## Product Profile

# Public Trustee of Queensland Investment Fund – "Conservative Fund"

31 December 2011



**Investment Aims and Objectives:** The Fund aims to protect the value of an investor's capital while achieving a higher return in the medium to long term than could be achieved by solely investing in interest bearing securities, with less volatility than a fully balanced portfolio. The investment objective of this Fund is to generate average returns of CPI + 1.5% over rolling five year periods.

**Investor Type Suited:** The Fund is suitable for investors who have a conservative investment approach who have a need for income in the short-term but who want to achieve moderate capital growth in the medium term.

## Investment Manager Profile

QIC is one of the largest wholesale fund managers in Australia. The corporation manages over \$60.6B for a range of clients including State public sector superannuation and insurance schemes, the Queensland government and other select investors. A government-owned corporation established in 1991, QIC operates on a wholly commercial basis, providing competitive service and achieving returns that consistently rank it amongst the most successful funds managers in the country. International equities exposure is managed by external fund managers, including: Dimensional Fund Advisors, State Street Global Advisors and AQR Capital Management. QIC retains the right to appoint and remove fund managers where appropriate.

## Management

The Public Trustee of Queensland (PTQ) is the Trustee and Manager of the Fund and is responsible for determining the investment objectives and strategy of each trust within the Fund, arranging for the proper investment of all monies and ensuring the Investment Manager achieves acceptable rates of return. QIC is the Investment Manager of the Fund. QIC invests the monies of the Fund in accordance with the investment policies of each trust subject to certain guidelines and constraints agreed with the PTQ.

## Dynamic Asset Allocation

The asset allocation strategy is managed by our Investment Manager, QIC, using dynamic asset allocation (DAA). The objective of DAA is to manage the overall portfolio risk at an asset class level. Allocations to various asset classes are managed within approved ranges. DAA allows for the flexibility to vary the asset class exposure in response to changing economic climates.

Asset Class	Dynamic Asset Allocation Ranges		
	Minimum	Equilibrium	Maximum
Australian Equities	10%	15%	20%
International Equities*	7%	12%	17%
Global Property	0%	7%	10%
Fixed Interest	15%	50%	65%
Cash	0%	16%	68%
FX exposure**	0%	7%	17%

\* The International Equities asset class is comprised of a combination of hedged and unhedged international equity positions.

\*\* The FX exposure is determined by the exposure to the QIC Unhedged International Equities Fund.

## Annual Management Fees (before deducting any Management Fee Rebate)

PT Base Mgt Fee (%pa)	1.45
QIC's Expenses (%pa)	0.11
ICR <sup>4</sup> (%pa)	1.56

<sup>4</sup> The Indirect Cost Ratio (ICR) equals the PT Base Management Fee + QIC's Expenses (for year ended 31 December 2011). QIC pays a management fee to external managers who assist in the management of a portion of the underlying assets of the Public Trustee Investment Funds. QIC has agreed to pay additional fees for some investment managers for performance that exceeds specified targets. These are variable. The performance fees have been included in the ICR.

## Disclaimer

This profile is published by The Public Trustee of Queensland based on information believed to be true and correct as at 31 December 2011. It is intended as a general source of information only. Questions relating to the circumstances of any individual may need to be specifically addressed. Investors should obtain and read a copy of the Information Memorandum before investing. QIC is the registered trademark and business name of Queensland Investment Corporation. Whilst all care has been taken in the preparation of this profile, neither The Public Trustee of Queensland nor QIC give any warranty as to the correctness of the profile and expressly disclaim all liability for any loss or damage that may arise from acting on such statement. The Public Trustee of Queensland is entitled to fees as Trustee of the Public Trustee Investment Fund. The fund returns are calculated based on: (1) close of market valuations, on the last day of the quarter, and (2) total return – that is assuming the reinvestment of all distributions back into the Fund. Investors are referred to our website [www.pt.qld.gov.au](http://www.pt.qld.gov.au) in respect of application and withdrawal (redemption) prices. The Public Trustee of Queensland is audited by the Auditor-General of Queensland and its accounts tabled in the Queensland Parliament.

Performance (Period ending 31/12/2011)	1 Year	3 Years	5 Years
Benchmark Return <sup>1</sup> (%pa)	3.10	4.70	1.30
<b>Net Return <sup>2</sup> (%pa)</b>	0.70	6.80	1.20
Income Component <sup>3</sup> (%pa)	5.46	6.12	5.60
Growth Component (%pa)	-4.76	0.68	-4.40

<sup>1</sup> Relevant Benchmarks are calculated on an after fees basis.

<sup>2</sup> Net Return is calculated on an annual basis from exit price to exit price with distributions reinvested.

<sup>3</sup> The income component represents the amount paid by way of distributions from the fund, including net realised capital gains. Past returns should not be taken as an indication of future returns.

## Key Data – as at 31 December 2011

Date Established	10 July 1996
Size of Fund	\$97M @ 31/12/2011
Minimum Initial Investment	\$2,000 Lump Sum (or \$1,000 Regular Option)
Minimum Additional Investment	\$500 (\$50 Regular Option)
Minimum Withdrawal	\$500
Distribution Frequency	Qtly, within 15 business days of end of quarter
Distribution Reinvestment	Yes
Annual Tax Reporting	Annually by 30 September
Statement Frequency	Qtly, within 6 weeks of end of quarter
Entry Price (post distribution)	0.722440
Exit Price (post distribution)	0.720635
<b>Fees</b>	Entry Fee: Nil      Exit Fee: Nil      Brokerage: Nil

## Tiered Management Fee Rebate (MFR)

	Net Asset Value	Rebate %
Clients who hold more than \$100,000 in any single fund will qualify for the Management Fee Rebate (MFR) rebates as shown on the adjoining table.	first 100,000	nil
	next 150,000	0.15
	next 250,000	0.40
	next 500,000	0.45
	next 9 mil	0.85
	next 15 mil	1.00
	next 25 mil	1.05