

9 June 2009

QIC OPENS GFI ALPHA FUND TO INTERNATIONAL INVESTORS

Institutional investors from outside Australia can now access QIC's Global Fixed Interest (GFI) Alpha Fund for the first time after the fund was opened to international investors via a US dollar class of units.

The initiative also represents QIC's first significant move to secure clients outside Australia.

The GFI Alpha Fund generates absolute return strategies across fixed income global macro markets and credit derivatives.

While traditional funds rely on their ability to manage physical securities, the GFI Alpha Fund utilises the latest available instruments and innovative processes in actively managing the broadest possible global interest rate and credit derivative strategies.

Launched in Australia in July 2005, the GFI Alpha Fund has a proven track record with a since inception gross return of 13.4% per annum and a one year return figure of 16.5% (as at May 31, 2009).

QIC Managing Director of Global Fixed Interest Susan Buckley said the structure of the fund has allowed QIC to capitalise on global fixed interest markets by developing strategies generated through a disciplined researched based investment process.

"Our investment process has helped position the portfolio to outperform in the face of extreme market volatility and stress," Ms Buckley said.

"We exploit the broadest possible range of fixed interest active return opportunities and underpin this with a transparent and disciplined framework to best control risk.

"The other great benefit of the fund is liquidity and flexibility. By using synthetic fixed interest instruments we remain nimble and responsive which is vital in the current market.

"The fund also provides excellent diversification for investors with low correlation with the major asset classes or other hedge fund or absolute return products.

QIC has established an Irish QIF structure with Carne Global, a globally-recognised adviser to the asset management industry, to be the management company. The QIF structure provides the efficiency and flexibility we like to give to our institutional investors. State Street Dublin has been selected as Trustee/Fund Administrator. QIC has been approved (by the Irish Financial Regulator) as Promoter and Investment Manager of the QIC Global funds including the QIC GFI Alpha Fund (USD Class).

John Donohoe, CEO of Carne Global, said, "We are delighted that QIC chose Carne as management company and independent governance provider as they look to actively target distribution outside of Australia.

"With a number of regulatory developments on the horizon, including the proposed new European Alternative Investment Fund Managers Directive, the Irish QIF offers product compliance whilst allowing for flexibility from an investment perspective."

QIC is one of Australia's largest institutional fund managers with \$65 billion¹ (US\$46 billion) under management. This includes more than US\$34 billion in global fixed interest for more than 60 clients.

¹ As at 31 March 2009

Media enquiries

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Notes to editors:

About QIC

QIC is one of Australia's largest institutional fund managers with \$65 billion (US\$46 billion). Based in Brisbane (Queensland), QIC also has offices in Sydney, Melbourne and London. QIC invests globally in all major asset classes including equities, fixed interest, real estate, infrastructure and absolute return strategies. It's presence in Europe includes interests in the UK water sector, joint owner of Merry Hill shopping centre, Birmingham as well as a stake in a Spanish based ports operator.

QIC clients include pension/superannuation funds, government and statutory authorities, insurance organisations, charitable bodies, financial services companies and educational institutions.

Latest trends in investing in global fixed interest and the QIC GFI Alpha Fund

The past 18 months has highlighted that when significant amounts of cash is removed from the financial system, physical corporate bonds become very illiquid. Should a manager's central view change and they wish to reduce credit exposure, this becomes very difficult without experiencing significant mark to market losses and increased transaction costs. The ability to implement strategies via derivatives, which proved to be much more liquid than physical securities, allows portfolio to better reflect manager research. Based on our research and the ability to quickly implement reflective strategies, throughout the past 2 years, the Fund has profited from being both short and long credit.

QIC GFI's ability to employ both interest rate and credit strategies has benefited the Fund. The team believe that is very important to be able to make money at all times in the cycle. A rigorous investment and economic framework, combined with an experienced team of professionals allows a manager to effectively diversify active return sources across both interest rates and credit. While credit has significantly underperformed over the past 2 years, global interest rates have rallied, outperforming all asset classes. The credit holdings in the Fund, have detracted from returns, however this was more than offset by various interest rate strategies that took advantage of falling bond yields, delivering an overall strong positive return to investors. With global rates likely to be anchored at historical lows for an extended period and credit spreads near historical wides, credit represents very attractive risk and return characteristics. Because of the offsetting between rate and credit, the Fund has been able to hold its overweight positions to high quality credit, which have begun to positively add to returns throughout the recent rally.

About Carne Global

Carne Global Financial Services Limited is a leading business advisor to the investment funds industry, with offices in London, Dublin, Luxembourg, Cayman Islands, Geneva and Dubai. We work with a large number of traditional and alternative asset managers, private banks, and family offices on projects ranging from short term tactical solutions to complete set-up and structuring.

Carne Global's services include directorships, independent board and management oversight; compliance and risk management; product development and distribution; middle and back office operations; establishment of investment management operations; and advice on service provider selection and management. Our firm also assists its clients in the delivery of operational efficiencies, such as straight-through-processing, valuation policies, fund transaction management and risk control.

Carne Global is recognised for its long track record in providing consultancy on UCITS III and other regulated products. It was the first firm to provide a UCITS III programme for investment managers in 2004 - the methodology of which the Irish Financial Services Regulatory Authority accepted as an industry standard.

Please see the Carne Global website at www.carnegroup.com for further information.
