

8 September 2009

NEW BUSINESS STRATEGY POSITIONS QIC FOR FUTURE GROWTH

QIC has announced its future business strategy following a strategic review and a rigorous business planning process. The strategy focuses on positioning the organisation to continue to deliver on client investment objectives and to capitalise on growth opportunities.

QIC commenced the strategic review earlier this year having appointed independent consultancies Oliver Wyman and Mercer Human Resources to assist with a review of its future strategy, organisational structure and remuneration design.

Driven by the challenges and opportunities created by the global financial crisis and changing client needs, the strategic review has seen QIC formally establish a 'house of boutiques' model encompassing growth opportunities in areas where QIC has a competitive advantage.

As part of the review, each QIC investment team was formally reviewed in terms of its ability to deliver sustained investment performance and to continue as a commercially successful business.

As a result QIC is committed to, and investing in, the following investment boutiques: Global Fixed Interest, Global Real Estate, Global Infrastructure, Global Private Equity, Australian Large Companies Equities, Australian Small Companies Equities, Implemented Australian Equities, Quantitative Management, Strategy and Capital Markets.

QIC Chief Executive Doug McTaggart said the 'house of boutiques' model provides the specialisation, responsiveness and client-alignment of a boutique with the backing, risk management and robust systems of a large investment manager.

"QIC has undertaken this review from a position of strength and we are in an enviable position to take advantage of opportunities presented by the current climate, Doug McTaggart said.

"The new business strategy will ensure QIC meets our clients' investment objectives with even greater effectiveness and efficiency.

"QIC will focus on leveraging best-in-class internal capabilities to deliver investment solutions for clients, and we will only pursue implemented strategies in areas where we believe we can add significant value for clients"

The investment businesses that QIC has chosen to discontinue are Implemented Solutions and Global Tactical Asset Allocation. QIC is working with its clients to facilitate the efficient transfer or wind-down of these investments within agreed time-frames.

QIC's current Australian Equities team will be structured into separate boutiques of Small Companies (led by Stuart Jordan) and Large Companies (led by Paul Barnes), including after-tax management capabilities. The team has been working towards these specialist capabilities for some time, and will subsequently discontinue the traditional, low risk active component of the business. Simon Hudson, Director Australian Equities, will assist QIC with finalising this restructure, and has decided to pursue other opportunities once completed.

"There have been some staffing implications as a result of these decisions, including redundancies, however where possible the people affected have been redeployed to emerging and growing areas of the business in line with our new strategy.

“While QIC’s strong risk management focus meant that we have handled the global financial crisis better than most, it was decided to review our structure and resourcing levels now to capitalise on emerging opportunities.

“The new business strategy provides QIC with a sharper focus to continue to grow its business. QIC has been extremely successful in diversifying our client base over the past five years – growing from 30 mainly Queensland-based clients, to more than 80 national and international clients today.

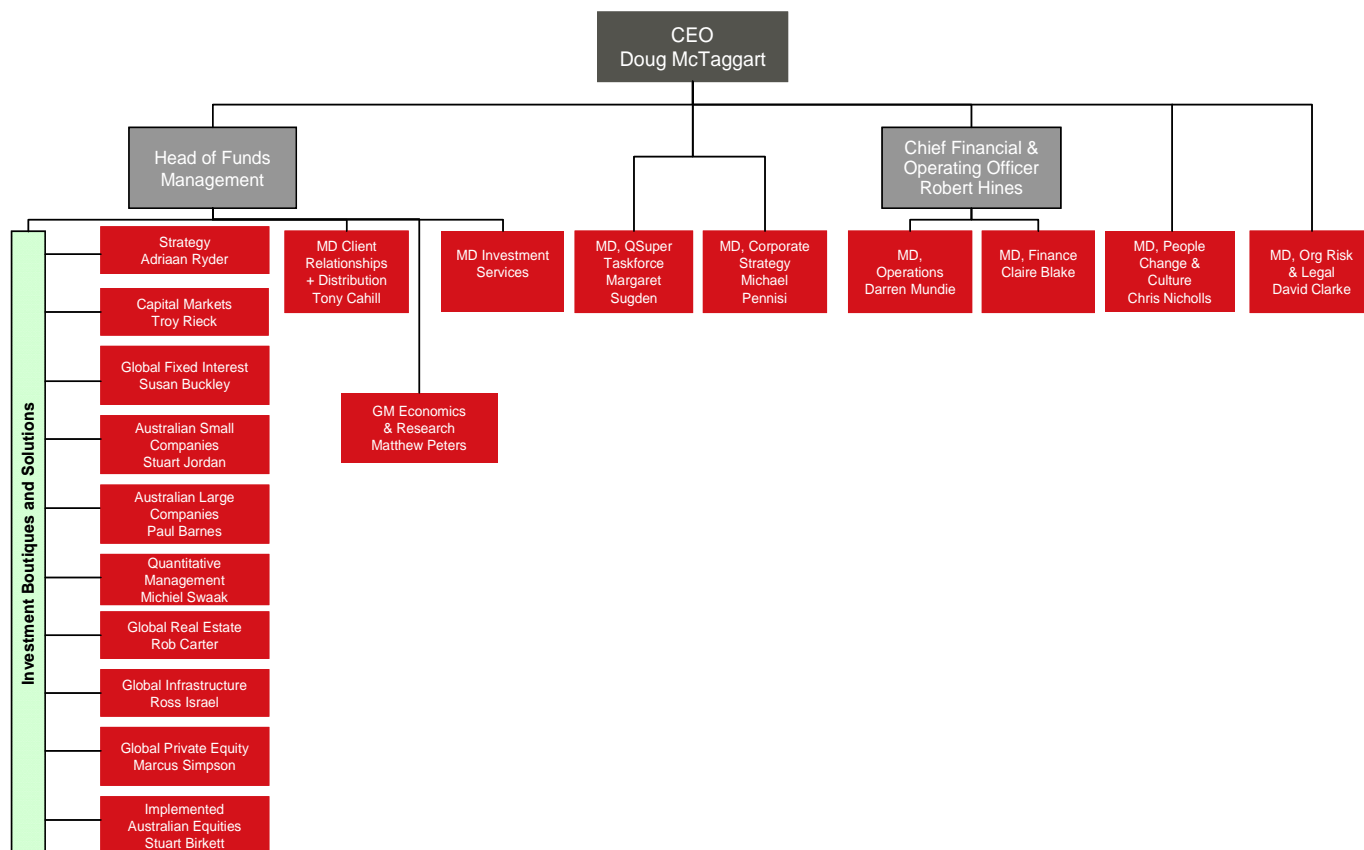
“The new business strategy will see QIC continue to grow and diversify its client base.”

A copy of the new QIC corporate structure is included below.

QIC is one of Australia’s largest institutional fund managers with \$65 billion¹ under management for its Australian and overseas clients.

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¹ As at 30 June 2009