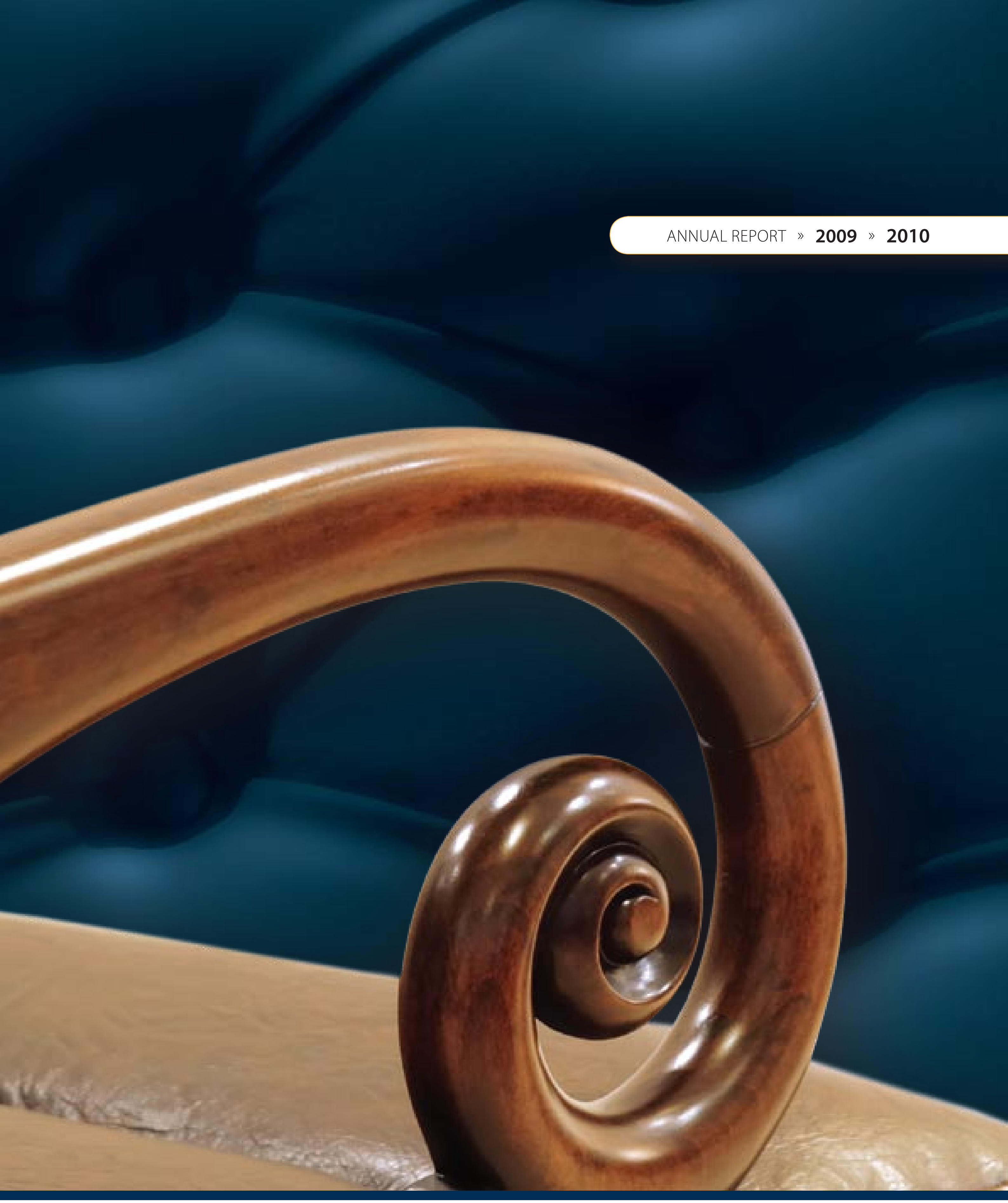

ANNUAL REPORT » **2009** » **2010**

Quadrant

Retire comfortably

The Quadrant Superannuation Scheme known as 'Quadrant', is run by a Trustee Company, Quadrant Superannuation Pty Ltd known as the 'Quadrant Trustee', according to its governing legal document, the trust deed and superannuation laws. The Quadrant Trustee is responsible for the overall management and operation of the Quadrant Superannuation Scheme.

Quadrant Superannuation Pty Ltd holds an Australian Financial Services Licence number 290812 and a Registrable Superannuation Entity Licence number L0000215 which permits it to provide general product advice and deal in a financial product.

Quadrant First Pty Ltd (ABN 78 102 167 877), a wholly owned company of Quadrant Superannuation Pty Ltd, provides administration and service delivery for the Quadrant Trustee. Quadrant First Pty Ltd holds an Australian Financial Services Licence number 284443 which permits it to provide personal financial advice.

Quadrant Superannuation Pty Ltd
Australian Business Number 82 067 516 938
Australian Financial Services Licence Number 290812
Registrable Superannuation Entity
Licence Number L0000215

Quadrant Superannuation Scheme
Australian Business Number 12 727 521 796
Scheme Registration Number R1000269

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Contents

SECTION 1
Super updates 03

SECTION 2
Who looks after Quadrant? 06

SECTION 3
Your fund and its performance 07
- Quadrant Investment Choice 07
- Quadrant Personal Super 07
- Quadrant Super Pension 07
- Quadrant Defined Benefits 10
- Quadrant Accelerated Benefits 10
- HCC Defined Benefits 10
- RACT Defined Benefits 11
- LCC Defined Benefits 11

SECTION 4
Fund investments 13

SECTION 5
Other things you need to know 16

SECTION 6
Summary of Financial Statements 18

Super Updates

The last 12 months at a glance

The global economy started to recover from the global financial crisis about a year ago. That recovery is continuing, and is reflected in the favourable returns we are seeing this year. Quadrant is providing the kind of robust performance you'd expect of a fund that has been around since 1944.

Our consistently strong service delivery has, once again, been recognised by independent ratings agency, SuperRatings™. For the fifth year running, we have received a gold rating. With the lowest possible fees, seven simple investment options and healthy returns, Quadrant is the only super fund in Tasmania to have received a gold rating for five consecutive years.

This award is important, not just because it provides independent recognition that we are on the right track, but also because it gives you confidence in our ability to look after you and your super.

One way we're taking care of you is by making our insurance even more competitive.

Quadrant Investment Choice members on a fixed cover rate received a 10% reduction on their insurance premiums from 1 July 2010. This applied whether they had Death Only cover or Death and Total and Permanent Disablement cover.

Quadrant Accelerated Benefits members are also enjoying the reduction.

Members with Income Protection insurance have benefited even more from reduced premiums, with savings of up to 20%.

Quadrant is committed to improving financial literacy in the Tasmanian community. This is especially important during the fallout from turbulent times like the global financial crisis, so we have ramped up our communications.

As well as maintaining and developing our regular suite of communications, including the website, eNews, Employer News, brochures and fact sheets, presentations around the state and a growing media presence; we've also created a retirement checklist that helps people make plans for a comfortable retirement.

The checklist has been widely promoted on television, in print, online and via direct mail.

Filling it out helps people see how their retirement plans are evolving and what they need to do next. It also includes information about: what makes a comfortable retirement, how much retirement income they may need and simple things they can do to make sure they're on track for a comfortable retirement.

And, of course, our financial advisors are always available to offer various levels of help – from general advice to personalised plans.

Further, I am pleased to introduce our new dedicated member services team. Two experienced and knowledgeable Quadrant member services officers are now available to provide members and employers with simple, accessible super advice.

The new team is available to conduct seminars, provide limited advice and provide any other super assistance a member or organisation needs both in person and over the phone.

This is another Quadrant initiative designed to deliver even better, more personal service.

Looking forward, our focus is on continuing to deliver high quality service and vigorous returns, and to maintain a business model that consistently provides our members with the products, services and expertise to make sure they can count on a retirement they can live with and live on..

Wayne Davy
CHIEF EXECUTIVE OFFICER

We've now been awarded gold five years in a row

Which is great news for Quadrant members. Independent superannuation survey agency SuperRatings™ awarded Quadrant a gold rating for the fifth year in a row in 2010…making us the only locally owned super fund to achieve such a consistently high rating. SuperRatings described Quadrant as a "good value for money" fund which is strong in all assessment areas.

Boost your super via BPAY

We've made improvements to BPAY® which means it's now easier for you to make super contributions to your account. You can simply pay directly from your bank's website using your biller code and BPAY reference number. And if your spouse is paying contributions into your account, why not get them to use BPAY too?

But just a reminder – there are different BPAY reference numbers depending on who is making the contribution to your account, so make sure the correct reference number is used as it may affect your contribution limits or eligibility for the government co-contribution.

Please refer to your 30 June 2010 *annual benefit statement* for your BPAY biller code and reference numbers or contact us on 1800 222 209 for more information.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

Investment returns are now on the web

Everyone likes to know how their investments are going – and why should your investment in super be any different?

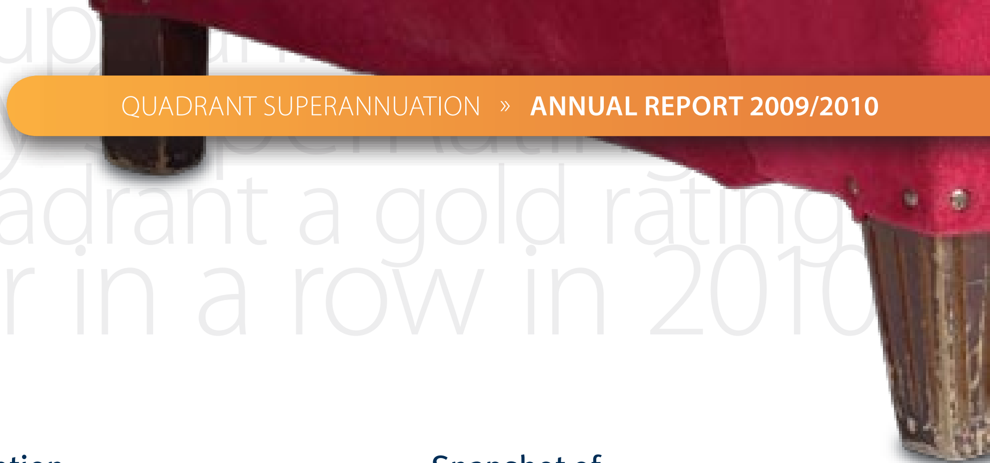
To make it easier for you to keep track of how your super is performing, we've set up an investment returns section on our website at quadrantsuper.com.au. All you need to do is click on 'investment performance' in Quicklinks.

Once you're there you'll be able to check out the latest returns, historical returns and average returns for the investment options we offer. You'll even be able to track your returns on one month, three months, 12 months and financial year-to-date periods.

Of course, we still encourage you to take a long-term view of your investment in super – after all, it's your nest egg for retirement.

Conservative investment option changes to Cash

Following a review of Quadrant's investment options, and in conjunction with feedback from members, we have recently made a change to one of our options. To ensure we meet the expectations of members seeking a more low risk and predicable investment option, we have now closed the Conservative option and commenced a new Cash option that is more closely aligned with a traditional cash investment. This change was effective from 1 July 2010 and members directly affected by this change have been kept up to date.



ndependent sup... rvey agency ... awarded Quadrant a gold rating the fifth year in a row in 2010

Change to default investment option

Most new members joining the Quadrant Investment Choice or Quadrant Personal Super funds will nominate an investment option or mix of options to invest their super contributions. For anyone who does not nominate one, Quadrant has a "default". Quadrant's default investment option for super products has changed from Moderate to Balanced for new members joining after 1 July 2010.

Changes to investments

The Quadrant Trustee has reviewed the underlying investments and has made slight changes to the asset classes used. The asset allocations for each of the investment options in the Quadrant Investment Choice, Quadrant Personal Super and Quadrant Super Pension have also changed effective from 1 July 2010. Please refer to the relevant *Member Guide* for more information about investing with Quadrant.

Quadrant Super Pension update

Pension payments can now be paid to members fortnightly. This replaces the twice-monthly payment option previously offered.

The Government has also extended the drawdown relief offered to people receiving the minimum pension payment amount for another year. This means you may reduce your minimum payment amount by up to 50% for the 2010/2011 financial year. Please contact us if you would like to reduce your minimum payment amount or email info@quadrantsuper.com.au.

Enhancements to insurance cover

From 1 July 2010 the following enhancements have been made to our insurance cover:

» Insurance premiums for death cover and total and permanent disablement cover have been reduced by around 10% for members of the Quadrant Investment, Quadrant Personal Super and Quadrant Accelerated Benefits funds.

» Insurance premiums for income protection cover have also been reduced for most members by up to 20% depending on your occupation, age, waiting period and benefit type.

» Two new sections to the definition of 'total and permanent disablement' have been included. These definitions are for 'activities of daily work' and 'day one of total and permanent disablement'. Please refer to the relevant *Member Guide* for the full definitions.

» Along with other Quadrant members, members of the LCC Defined Benefits fund may now be eligible to transfer their death cover, total and permanent disablement cover and/or income protection cover from a previous superannuation fund to Quadrant, up to a maximum of four units.

Please refer to the relevant *Member Guide* for more information about insurance cover.

Snapshot of 2010 budget changes

The 2010 Federal Budget has introduced some proposed changes to super. Although they may not come into effect for some time, here is a snapshot of what we may expect:

» From 2013, it is proposed that compulsory super contributions paid by employers increase from 9% to 12% by 2020.

» Anyone earning less than $37,000 may receive a $500 super bonus from 2012.

» For members over 50 years of age, the concessional contribution cap may remain at $50,000 per year if your super balance is under $500,000 after 1 July 2012.

» It looks as though the Government co-contribution will stay at $1,000 rather than reverting to the original $1,500 rate as announced last year.

» It is proposed that the maximum age for receiving Superannuation Guarantee contributions will increase from 70 to 75 years from 1 July 2013.

Changes to the Trustee Board

A restructure of the Quadrant Trustee Board have seen it change from 10 directors to seven effective from 1 March 2010.

A Member Director election was held in December 2009 where three directors were voted in by Quadrant Members. Appointments were made by the Local Government Association of Tasmania (LGAT) for the three Employer Directors. A Trustee Director was also appointed by the six new Board members.

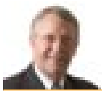
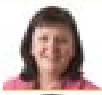
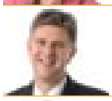
The Member Directors will complete a four year term and the Employer and Trustee Directors a two year term. Please refer to page 6 for details of the Quadrant Trustee Board.

The Quadrant Trustee is responsible for the overall management and operation of Quadrant

Who looks after Quadrant?

The Trustee Board

The Quadrant Trustee Board is made up of three Member Directors elected by members, three Employer Directors appointed by the peak employer body and one Director by the Quadrant Trustee. This structure means that you as a member and your employer can be directly represented in deciding how Quadrant is operated and managed. A copy of the rules for appointment of Directors can be obtained by contacting us on 1800 222 209.

Director		Method of appointment	Appointed
	Brent Armstrong	Chairman – Employer Director	29 February 2000
	Frank Barta	Trustee Director	28 May 1998 – 1 March 1999 28 February 2002
	Sue Buckland	Member Director	28 February 2002
	Allan Garcia	Employer Director	1 March 2006
	Nick Heath	Member Director	25 October 2002
	Lynn Mason	Employer Director	1 March 2004
	Michael Tidey	Member Director	1 March 2010

The Quadrant Trustee is responsible for the overall management and operation of Quadrant, including governance, investment management, compliance with superannuation and other relevant laws, financial management, member records, administration and member and employer services.

Two committees, the Audit and Governance Committee and the Investment Committee, were operated by the Quadrant Trustee during 2009/2010.

From 1 March 2010, the only committee operated by the Quadrant Trustee is the Audit Committee.

Service providers

The Quadrant Trustee appoints independent advisors to help carry out its responsibilities. They are:

Actuary	Bendzulla Actuarial Pty Ltd
Administration	Quadrant First Pty Ltd
Advisory Services	Quadrant First Pty Ltd (AFSL no.284443)
External Auditor	KMPG
Custodian	NAB Asset Servicing
Insurer	CommInsure
Internal Auditor	Deloittes
Investment	Frontier Investment Consulting Pty Ltd

Insurance protection

The Quadrant Trustee and Quadrant First Pty Ltd hold various indemnity insurance policies to protect Quadrant, the Quadrant Trustee Board and its officers against certain losses that could arise in running the Scheme. The Quadrant Trustee has also entered into deeds with current and past officers to provide indemnification, insurance cover and access to documents to those officers during their time in office and for 7 years afterwards.

Your fund and its performance

Returns shown are net of fees and charges so in true Quadrant style – what you see is what you get with no additional fees, charges or taxes. Past performance does not guarantee that future performance will be the same or similar.

Quadrant Investment Choice fund

The Quadrant Investment Choice fund offers a range of investment options to give you a choice when investing your money. You can choose to invest all your savings in one option or split it and invest it in a number of different investment options. Please refer to our *Quadrant Investment Choice and Quadrant Personal Super Member Guide* for more information.

Quadrant Investment Choice fund returns to 30 June

Financial Year	High Growth	Growth	Balanced[1]	Sustainable Future	Moderate[2]	Stable	Conservative[3]
2010	9.7%	7.4%	8.2%	8.2%	8.7%	10.1%	4.0%
2009	-19.5%	-16.1%	-14.2%	-7.9%	-8.9%	-2.4%	0.4%
2008	-13.1%	-9.5%	-7.6%	-4.0%	-3.9%	1.7%	3.2%
2007	19.3%	15.9%	14.5%	11.0%	11.6%	6.9%	4.8%
2006	20.2%	16.2%	7.3%[1]	11.9%	10.9%	6.3%	4.4%
5 year compound average	1.9%	1.9%	N/A	3.5%	3.3%	4.4%	3.4%

1 New investment option introduced in December 2005. Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

2 The Moderate investment option was called Balanced prior to December 2005.

3 The Conservative investment option was replaced by the Cash option on 1 July 2010.

Quadrant Personal Super fund

The Quadrant Personal Super fund offers a range of options to cater for your investment and insurance needs, and doesn't require you to join through a participating employer. Please refer to our *Quadrant Investment Choice and Quadrant Personal Super Member Guide* for more information.

Quadrant Personal Super fund returns from 1 December 2005 to 30 June 2010

Financial Year	High Growth	Growth	Balanced	Sustainable Future	Moderate	Stable	Conservative[1]
2010	9.7%	7.4%	8.2%	8.2%	8.7%	10.1%	4.0%
2009	-19.5%	-16.1%	-14.2%	-7.9	-8.9	-2.4%	0.4%
2008	-13.1%	-9.5%	-7.6%	-4.0%	-3.9%	1.7%	3.2%
2007	19.3%	15.9%	14.5%	11.0%	11.6%	6.9%	4.8%
2006[2]	9.7%	8.1%	7.3%	6.8%	5.8%	3.4%	2.6%

1 The Conservative investment option was replaced by the Cash option on 1 July 2010.

2 Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

Quadrant Super Pension

The Quadrant Super Pension allows you to invest your retirement benefits within the fund and receive a tax effective income stream that is flexible to suit your needs. Please refer to our *Quadrant Super Pension Member Guide* for more information or speak with a Quadrant First financial advisor, AFSL no. 284443.

Quadrant Super Pension returns from 1 December 2005 to 30 June 2010

Financial Year	High Growth	Growth	Balanced	Sustainable Future	Moderate	Stable	Conservative[1]
2010	10.0%	8.4%	9.1%	9.1%	9.6%	10.6%	4.4%
2009	-21.5%	-17.9%	-15.8%	-9.5%[2]	-9.9%	-2.6%	0.5%
2008	-15.5%	-11.4%	-9.3%	N/A	-4.2%	1.6%	3.8%
2007	N/A	N/A	15.2%	N/A	12.2%	7.1%	5.6%
2006[3]	N/A	N/A	8.2%	N/A	6.5%	4.0%	2.9%

1 The Conservative investment option was replaced by the Cash option on 1 July 2010.

2 Investment return is for the period 27 August 2008 to 30 June 2009.

3 Investment return is for the 7 month period from 1 December 2005 to 30 June 2006.

Most investments are 'volatile' in that
their ups and downs. By diversi
asset class is not performing as well a
assets may help to balance the overa

How your account works

If you are a member of the Quadrant Investment Choice fund or the Quadrant Personal Super fund, your superannuation is 'accumulation' style – which means that it works in a similar way to a savings account. Your account will receive contributions (including rollovers and transfers) and is reduced by withdrawals, taxes, management costs and insurance premiums (as applicable) plus or minus any investment earnings based upon the movement in the unit price of your investment.

The money you put into superannuation buys units in the investment option/s you choose. These units go up and down in price with the fluctuation in the market, so the movement of your account reflects the value of the units. The tables on page 7 show the investment returns of each option for the past five years.

If you are a member of the Quadrant Super Pension fund, your account is also 'accumulation' style. Your account will be reduced by regular pension payments, lump sum withdrawals and management costs plus or minus any investment earnings based upon the movement in the unit price of your investment.

Your pension payments will continue until your investment account is exhausted. One important point to note about an account based pensions is that there is no guarantee that you will have an income stream for your lifetime or any fixed period. The longevity of your investment will depend on how much you draw out annually and how your investment performs.

How your money is diversified

The investment options and asset allocation for the Quadrant Investment Choice fund, the Quadrant Personal Super fund and the Quadrant Super Pension are the same. Please refer to our *Quadrant Investment Choice Fund and Quadrant Personal Super Fund Member Guide* or *Quadrant Super Pension Member Guide* for more information about investing.

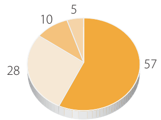
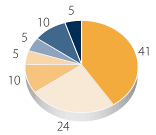
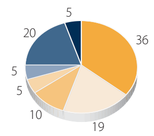
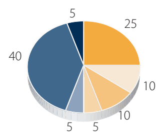
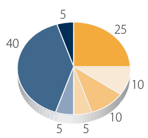
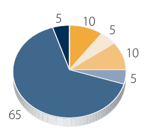
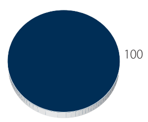
Most investments are 'volatile' in that they have their ups and downs. By diversifying, if one asset class is not performing as well as expected other assets may help to balance the overall return.

The Quadrant Trustee does not guarantee performance of any investment option. The returns will vary over time with changes in value of the underlying assets. Past performance is no indication of future performance.

The Quadrant Trustee may vary from time to time the actual asset allocation of each investment option by +/-10% from the asset allocation benchmarks outlined in the following table except where the asset allocation percentage benchmark for a particular investment option is less than 10%, in which case the Quadrant Trustee may vary the actual asset allocation percentage benchmark for that investment option from time to time by 10% provided that the actual asset allocation is zero or more than zero.

The asset allocation for all investment options in the Quadrant Investment Choice fund, the Quadrant Personal Super fund and the Quadrant Super Pension changed on 1 July 2010. Please refer to the *Quadrant Investment Choice Fund and Quadrant Personal Super Fund Member Guide* or *Quadrant Super Pension Member Guide* for more information. The following table shows the asset allocation as at 30 June 2010 and 30 June 2009.

Benchmark asset allocation for the Quadrant Investment Choice fund, the Quadrant Personal Super fund and the Quadrant Super Pension as at 30 June 2010 and 30 June 2009.

Investment Option Asset Allocation Benchmark[1]	Investment Objective	Suggested Investment Timeframe	Risk Level	Chance of Negative Return
High Growth (%) 	To produce returns exceeding the growth in Consumer Price Index by 5% over the medium to long term.	5+ years	High to Very High	You may expect to receive around three to four negative returns on your annual benefit statement in a 10-year period.
Growth (%) 	To produce returns exceeding the growth in Consumer Price Index by 4% over the medium to long term.	5 years	High	You may expect to receive around three negative returns on your annual benefit statement in a 10-year period.
Balanced (%) 	To produce returns exceeding the growth in Consumer Price Index by 3.5% over the medium to long term.	3-5 years	Medium to High	You may expect to receive around two to three negative returns on your annual benefit statement in a 10-year period.
Sustainable Future (%) 	To produce returns exceeding the growth in Consumer Price Index by 3% over the medium to long term.	3-5 years	Medium to High	You may expect to receive around two negative returns on your annual benefit statement in a 10-year period.
Moderate (%) 	To produce returns exceeding the growth in Consumer Price Index by 3% over the medium to long term.	3-5 years	Medium	You may expect to receive around two negative returns on your annual benefit statement in a 10-year period.
Stable (%) 	To produce returns exceeding the growth in Consumer Price Index by 2% over the medium term.	3 years	Low to Medium	You may expect to receive around one negative return on your annual benefit statement in a 10-year period.
Conservative (%) 	To produce returns exceeding the growth in Consumer Price Index by 1% each year.	1 year	Low	Not expected

To obtain up to date information including past and current investment performance figures for each of these options please contact us on 1800 222 209 or check our website at www.quadrantsuper.com.au. Past performance does not guarantee that future performance will be the same or similar.

[1] The Quadrant Trustee may vary from time to time the actual asset allocation of each investment option by +/- 10% from the asset allocation benchmarks outlined above except where the asset allocation percentage benchmark for a particular investment option is less than 10%, in which case the Quadrant Trustee may vary the actual asset allocation of the investment option from time to time by +/- the asset allocation percentage benchmark for that investment option.

Australian Shares · International Shares · Property · Alternatives · Fixed Interest · Cash

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How your return is calculated

The crediting rate for the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund and the RACT Defined Benefits fund is 'smoothed' to help minimise the effects of investment fluctuations. This means the crediting rate is calculated as being the compound average net earning rate of the past three years.

The crediting rate for the LCC Defined Benefits fund is 'smoothed' by calculating the weighted average net earning rate of the past three years. The weightings are 50% of the current year, 30% of the preceding year and 20% of the year prior to that.

Your 'smoothed' return may therefore be lower than market returns in some years and higher than market returns in other years. You may receive lower crediting rates in periods of higher market returns and higher crediting rates in periods of lower or negative market returns. The overall result is that over time you will receive the return of the underlying investment strategy with a reduced chance of receiving a negative return in any one year.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no hidden fees, costs or taxes.

Quadrant Defined Benefits fund

As a member of the Quadrant Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors which may include your salary and the number of years you've been a member of Quadrant.

Using a formula means that the amount of your benefit can be defined in advance. This is why it's called a 'defined benefit'.

The amount of money you are paid when you leave your employer will depend on a range of factors which may include your salary, your years of service and whether you're over or under age 55. Please refer to your *annual benefit statement* for details on how any payout benefit is calculated specifically for you.

If you make additional contributions to your Quadrant Defined Benefits account or roll over money from another superannuation fund the money will grow on an accumulation basis (which is in addition to your defined benefit).

Quadrant Accelerated Benefits fund

As a member of the Quadrant Accelerated Benefits fund your superannuation is 'accumulation' style, which means it works in a similar way to a savings account with both your employer and your own contributions paid directly to your account. The money is invested using the same investment style as the Quadrant Defined Benefits fund and investment returns are 'smoothed' over a three-year period.

HCC Defined Benefits fund

As a member of the HCC Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors which may include your age, your category of membership, your salary and the number of years you've been a member.

Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your *annual benefit statement* gives you all the information you need to work out your payout if you leave.

If you make additional contributions to your HCC Defined Benefits account or roll over money from another superannuation fund the money will grow on an accumulation basis (which is in addition to your defined benefit).

A Superannuation Policy Committee is set up to oversee the activities of the HCC Defined Benefits fund. As at 30 June 2010, the member representatives were Heather Salisbury and David Spinks with Ald. Jeff Briscoe and Ald. Damon Thomas being the employer representatives.

ne you will receive the return of
underlying investment strategy
duced chance of receiving a negative
return in any one year

RACT Defined Benefits fund

As a member of the RACT Defined Benefits fund, your superannuation benefits are worked out according to a formula based on a range of factors, which may include your category of membership, your age, your salary and the number of years you've been a member.

Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your *annual benefit statement* gives you all the information you need to work out your payout if you leave.

LCC Defined Benefits fund

As a member of the LCC Defined Benefits fund, you may be entitled to a defined benefit or an accumulation benefit or both depending on your membership.

Defined benefits are worked out according to a formula based on a range of factors which may include your salary and the number of years you've been a member. Using a formula means that your benefit can be defined in advance. This is why it's called a 'defined benefit'. Your *annual benefit statement* gives you all the information you need to work out your payout if you leave.

As an accumulation benefit member, your superannuation benefit is based on the balance of your account at the time of leaving the fund. The balance is an accumulation of contributions (including rollovers and transfers) and is reduced by withdrawals, taxes, administration fees and insurance premiums (as applicable) plus or minus investment earnings (based on the applicable crediting rate of the fund).

If you are an accumulation benefit member and have any insurance cover in place and you die or become totally and permanently disabled then an additional amount may be paid.

Your *annual benefit statement* gives you all the information you need to work out your superannuation benefits if you leave the fund.

If you are a defined benefits member you must contribute 6% of your salary to the LCC Defined Benefits fund. You may also make additional voluntary contributions or rollover money from another superannuation fund. In this case the money will grow on an accumulation basis (which is in addition to your defined benefits).

Please refer to the *LCC Defined Benefits fund Member Guide* for more information about how the fund works.

The crediting rate is net of any fees and charges so in true Quadrant style – what you see is what you get with no hidden fees, costs or ta

Your fund's performance

	Quadrant Defined Benefits and Accelerated Benefits funds		HCC Defined Benefits fund		RACT Defined Benefits fund		LCC Defined Benefits fund	
Year	Crediting Rate	Earning Rate	Crediting Rate	Earning Rate	Crediting Rate	Earning Rate	Crediting Rate	Earning Rate
2006	14.00%	14.66%	12.58%	14.66%	12.58%	14.66%	13.50%	14.80%
2007	14.50%	15.04%	13.60%	15.04%	13.60%	15.04%	13.60%	14.90%
2008	6.40%	-6.89%	6.40%	-6.89%	6.40%	-6.89%	4.50%	-5.84%
2009	-3.60%	-14.46%	-3.60%	-14.46%	-3.60%	-14.46%	-6.10%	-14.46%
2010	-5.40%	9.67%	-5.40%	9.67%	-5.40%	9.67%	-0.80%	9.67%
5 year compound average	4.84%	2.87%	4.41%	2.87%	4.41%	2.87%	4.65%	3.10%

The crediting rate is net of any fees and taxes.

Past performance does not guarantee that future performance will be the same or similar.

Fund investments

The Quadrant Trustee employs the services of an asset consultant, Frontier Investment Consulting Pty Ltd, and a range of investment managers. Frontier Investment Consulting is employed to oversee investments, provide reporting and give advice to the Quadrant Trustee Board. Investment managers are employed to undertake investments on behalf of the Quadrant Trustee.

Interim crediting rate

The interim crediting rate is calculated quarterly and applies to exiting members in each of the Defined Benefits funds and Accelerated Benefits fund. The interim crediting rate is the lesser of the final crediting rate or the compound average of returns over the relevant preceding three years.

What's the difference between the 'earning' rate and 'crediting' rate?

The 'earning' rate is the actual rate of earnings, net of investment manager fees and provision for taxation, which the fund has achieved during the year.

The 'crediting' rate is the rate of earnings credited to your account if you are a Defined Benefits funds or Accelerated Benefits fund member. The crediting rate is set by the Quadrant Trustee based upon the 'smoothed' return for the last three years.

What rate is used if I leave Quadrant before 30 June?

If you are a member of a Defined Benefits funds or the Accelerated Benefits fund, and you leave Quadrant during the year, an interim rate is used to credit interest to your account so you don't miss out. This rate is generally set on a quarterly basis by the Quadrant Trustee and can be set more frequently if required. You can find out the interim rate at the time you leave by contacting us on 1800 222 209.

How does Quadrant diversify its investments?

As a way of controlling risk, the Quadrant Trustees spreads money among all the major asset classes. This is called 'diversification'. Another way we diversify is by investing money with different companies that manage our investments.

Asset allocation for Defined Benefits and Accelerated Benefits funds

The following table shows how Quadrant money was split between different types of investments in the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund as at 30 June 2010 and 30 June 2009:

	2010	2009
Australian Shares	30.0%	31.4%
International Shares	25.6%	24.6%
Property	10.5%	13.9%
Growth Alternatives	1.6%	0.8%
Diversified Fixed Interest	0.9%	3.5%
Defensive Alternatives	5.7%	9.0%
Cash	25.7%	16.8%
Total	100.0%	100.0%

Who does Quadrant invest money with?

Quadrant appoints professional investment managers to undertake investments on behalf of the Quadrant Trustee. The following table shows the amount of money each investment manager invested at 30 June 2010 and 30 June 2009:

Asset Class	Investment Manager	30 June 2010		30 June 2009	
		$	%	$	%
Cash/Enhanced Cash	Cash at Bank	3,642,821	0.79%	3,698,509	0.92%
	Colonial First State Wholesale Premium Cash Fund	44,409,494	9.62%	40,601,072	10.09%
	ANZ Pool - Cash Plus Fund	31,779,352	6.89%	31,686,543	7.88%
Diversified Fixed Interest	Legg Mason Diversified Fixed Income Trust Class A	7,448,035	1.61%	13,502,158	3.36%
	Macquarie Enhanced Australian Fixed Interest Fund	17,673,434	3.83%	16,309,553	4.05%
	PIMCO Diversified Fixed Interest Trust	21,023,841	4.56%	17,685,554	4.40%
	PIMCO Global Bond Fund – Wholesale	17,391,930	3.77%	14,214,048	3.53%
	The Super Loans Trust	516,356	0.11%	500,258	0.12%
Australian Equities	AMP Capital Sustainable Share Fund - Wholesale	1,732,862	0.38%	1,390,362	0.35%
	Challenger Wholesale Australian Share Fund	-	0.00%	38,538,696	9.58%
	GMO Australian Equity Trust	51,670,238	11.20%	37,628,699	9.35%
	Macquarie Australian Enhanced Plus Equities Fund	42,690,857	9.25%	-	0.00%
	Schroder Australian Equity Fund	42,791,438	9.27%	-	0.00%
	SSgA Australian Equities Alpha Edge Trust	-	0.00%	38,814,057	9.65%
International Equities	AllianceBernstein Global Style Blend Trust	-	0.00%	11,811,794	2.94%
	BNP-MFS Fully Hedged Global Equity Trust	19,394,445	4.20%	23,172,191	5.76%
	Colonial First State Wholesale Global Emerging Markets Fund	13,957,889	3.02%	11,794,626	2.93%
	Acadian Global Equity Long Short Fund	-	0.00%	7,910,554	1.97%
	Capital International Global Equity Trust	39,644,043	8.59%	9,068,948	2.25%
	Capital International Global Equity Trust With Currency Hedged	-	0.00%	13,710,859	3.41%
	Dexia Sustainable Global Equity Fund	1,117,371	0.24%	865,326	0.22%
	SSgA Global Index Plus NL Trust	31,748,743	6.88%	-	0.00%
Direct Property	Dexus Wholesale Property Fund	15,609,869	3.38%	15,600,800	3.88%
Alternatives	AMP Strategic Infrastructure Trust of Europe ($A) - Wholesale	5,265,336	1.14%	5,004,462	1.24%
	GMO Multi Strategy Trust	18,094,688	3.92%	17,348,828	4.31%
	Macquarie Alternative Investment Trust	299,606	0.06%	247,390	0.06%
	Macquarie Alternative Investment Trust IV	4,468,549	0.97%	3,266,534	0.81%
Life Policies					
Direct	AMP Australian Core Property Portfolio	28,274,972	6.13%	27,166,671	6.75%
Pooled superannuation trusts	Vision PST Australian Equities Passive Option (Taxed)	90,066	0.02%	-	0.00%
	Vision PST International Equities Passive Option (Taxed)	94,623	0.02%	-	0.00%
Other					
Australian Equities	First Tasmania Investments Ltd	35,346	0.01%	42,005	0.01%
	Industry Super Holdings Pty Ltd	467,046	0.10%	412,041	0.10%
	Quadrant First Pty Ltd	94,500	0.02%	266,740	0.07%
Total investments		461,427,750	100.00%	402,259,278	100.00%

Where practical, multiple investment managers will be appointed to capture the benefits to be derived from style diversification

Investment policy

Quadrant's strategic asset allocation benchmark and the range of investments provide diversification. Where practical, multiple investment managers will be appointed to capture the benefits to be derived from style diversification. Within asset classes, the Quadrant Trustee seeks investments of a diversified nature with a range of levels of risk and return.

The longer-term objectives for the Quadrant Defined Benefits fund, the Quadrant Accelerated Benefits fund, the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund are outlined in the Investment Policy. The Quadrant Trustee determines changes for the neutral asset allocation from time to time for each or all funds.

Investment changes in 2009/2010

During the financial year there were a number of changes to the investment structure.

The Quadrant Trustee terminated investments in:

- Challenger Wholesale Australian Share Fund
- SSgA Australian Equities Alpha Edge Trust
- AllianceBernstein Global Style Blend Trust
- Acadian Global Equity Long Short Fund
- Capital International Global Equity Trust With Currency Hedged

Investments were commenced in:

- Macquarie Australian Enhanced Plus Equities Fund
- Schroder Australian Equity Fund
- SSgA Global Index Plus NL Trust
- Vision PST Australian Equities Passive Option (Taxed)
- Vision PST International Equities Passive Option (Taxed)

Policy on Derivatives

The investments of this fund may have exposure to derivatives. Our investment managers or platforms through which the Quadrant Trustee invest may use derivatives for a variety of strategies including protecting the value of the portfolio, changing market exposure quickly and to reduce the exposure to foreign currency risk.

The Quadrant Trustee believes that the risk management strategies for the fund's investment managers are appropriate for the fund's investments.

Other things you need to know

Superannuation surcharge

From 1 July 2005 any surcharge payable on contributions was abolished by the Australian Government. Any surcharge applicable up to 30 June 2005 will still be payable from your superannuation benefit.

Superannuation surcharge is a tax that applied to higher income earners.

The Quadrant Trustee pays the surcharge in accordance with surcharge assessments issued by the Australian Taxation Office. The amount of surcharge payable is deducted from the account balances of members in the Quadrant Investment Choice fund, Quadrant Personal Super fund, the Quadrant Accelerated Benefits fund and the Quadrant Super Pension. A contra account has been set up to record the surcharge liability of members in the Quadrant Defined Benefits fund, the HCC Defined Benefits fund, the RACT Defined Benefits fund and the LCC Defined Benefits fund that will attract interest at the crediting rate of each fund. You have the option to pay your surcharge liability into your account so that your superannuation benefit is not affected.

Reserving policy

The Quadrant Trustee monitors the funding and solvency position of each fund as well as the reserves. The financial position of the overall Scheme is monitored on an ongoing basis as well as the financial position of each fund.

The Quadrant Trustee determines the reserving policy for the Scheme in accordance with the governing rules and the relevant law.

The Quadrant Trustee maintains an operational reserve for the purpose of meeting future expenses of Quadrant and the Quadrant Trustee.

The reserves of the Scheme are targeted to be no more than 5% of the total assets of Quadrant. Quadrant may return funds held in reserves to members from time to time if it decides the reserves hold adequate funds to meet future expenses of Quadrant and the Quadrant Trustee.

The reserves based upon the vested benefits of the Scheme as at 30 June 2010, 30 June 2009 and 30 June 2008 are set out in the table below.

The Trustee commenced the direction of investment fee savings for each investment option from 8 July 2010 to the operational reserve which was initially calculated as the difference between the investment indirect cost ratio charge of each investment option as at 30 June 2009 compared to 1 July 2010.

The Trustee monitors the reserves of the Scheme and will reduce the investment indirect cost ratio of the investment options once an appropriate level of reserves has been achieved.

Funding position as at 30 June 2010, 30 June 2009 and 30 June 2008

	Vested Benefits $million			Assets $million			Vested Benefits Index		
Fund	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Quadrant Defined Benefits fund	56.18	64.35	77.08	57.23	58.45	84.79	101.9%	90.8%	110.0%
HCC Defined Benefits fund	43.74	45.99	48.24	40.04	38.97	46.97	91.5%	84.7%	97.4%
LCC Defined Benefits fund	43.69	42.76	41.96	43.95	38.85	44.14	100.6%	90.9%	105.2%
Quadrant Accelerated Benefits fund	25.01	28.36	43.85	25.01	28.36	43.85	100.0%	100.0%	100.0%
RACT Defined Benefits fund	0.80	0.94	1.12	0.89	0.97	1.36	111.3%	103.2%	121.4%
Quadrant Investment Choice fund	298.36	244.24	226.73	298.36	244.24	226.73	100.0%	100.0%	100.0%
Totals before reserves	**467.78**	**426.64**	**438.98**	**465.48**	**409.84**	**447.84**	**99.5%**	**96.1%**	**102.0%**
Total reserves				3.46	4.12	5.83			
Totals	467.78	426.64	438.98	468.94	413.96	453.67	100.2%	97.0%	103.3%

The Vested Benefits Index is the assets divided by the vested benefits of the fund for each financial year as at 30 June 2010, 30 June 2009 and 30 June 2008.

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nitored on an ongoing
sition of each fund.

The Actuary completed an actuarial review of the Scheme as at 30 June 2008. The review concluded that the Scheme, other than the HCC Defined Benefits fund, was in a satisfactory financial position as at 30 June 2008.

At 30 June 2009, the Quadrant Defined Benefits fund, the HCC Defined Benefits fund, and the LCC Defined Benefits fund were in an unsatisfactory financial position due to the poor investment returns that were experienced during the 2009 financial year. As a result the Quadrant Trustee has implemented a rectification plan that will restore each fund to a satisfactory financial position within a reasonable time frame to enable the assets of those funds to again exceed the vested benefits payable to members.

The Actuary has undertaken a review of the financial position of the Scheme as at 30 June 2010. At that date, the Scheme as a whole, the Quadrant Defined Benefits Fund, the LCC Defined Benefits Fund and RACT Defined Benefits Fund were all in a satisfactory financial position and only the HCC Defined Benefits Fund remained in an unsatisfactory financial position. The financial position of the HCC Defined Benefits Fund had nevertheless improved significantly since 30 June 2009. The Actuary concluded that the current Trustee rectification plan remains appropriate.

Trust deed amendments

A trust deed amendment was executed on 1 July 2009 to include the following:

- Changes to provide for participation of Water and Sewage Corporations.
- Changes to facilitate implementation of the Reserving Policy of the Quadrant Trustee.
- Changes to reflect the federal legislation on the recognition of the rights of same sex couples and to update the definition of child.
- Deletion of the requirement for the Quadrant Trustee to obtain advice on its remuneration.
- Inclusion of the ability to pay remuneration to service providers including custodians, agents, delegates, financial advisors, employees and other persons considered appropriate.
- Other required changes to the trust deed.

Lost and inactive members

If you are an inactive member and we lose contact with you the Quadrant Trustee may transfer your account balance to our nominated Eligible Rollover Fund. Losing contact with you means that we do not know of your whereabouts and our attempts to contact you in writing have failed. Quadrant transfers money to the Eligible Rollover Fund every six months and once your superannuation is transferred your Quadrant membership will cease.

The Eligible Rollover Fund that Quadrant uses is AUSFund. Your account in AUSFund will continue to accumulate interest and you may access your benefit subject to the usual preservation rules. Under the rules of AUSFund, fees will not exceed any interest credited. No insurance cover is provided in AUSFund. AUSFund's contact details are: PO Box 2468, Kent Town SA 5071; phone 1300 361 798.

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Summary of Financial Statements

Statement of Net Assets

as at 30 June 2010

	2010 $	2009 $
Assets		
Cash and cash equivalents		
Cash	3,642,821	3,698,509
Other receivables		
Contributions receivable	389,186	361,385
Interest income receivable	23,579	13,515
Distributions receivable	384,121	244,039
Prepayments	45,315	44,171
GST receivable	90,987	78,009
Current tax assets	-	243,884
	933,188	**985,003**
Investments		
Unit trusts	428,728,376	370,673,312
Life policies	28,274,972	27,166,671
Pooled superannuation trusts	184,689	-
Other investments	596,892	720,786
	457,784,929	**398,560,769**
Other assets		
Plant & equipment	733,872	716,236
Deferred tax asset	8,831,560	10,321,144
	9,565,432	**11,037,380**
Total assets	**471,926,370**	**414,281,662**
Liabilities		
Other payables		
Accounts payable	1,546,752	244,274
	1,546,752	**244,274**
Tax liabilities		
Current tax liabilities	1,330,974	-
Deferred tax liabilities	77,642	47,318
PAYG payable	26,430	28,482
	1,435,046	**75,800**
Total liabilities	**2,981,798**	**320,074**
Net assets available to pay benefits	**468,944,572**	**413,961,588**

Statement of Changes in Net Assets

year ended 30 June 2010

	2010 $	2009 $
Investment revenue		
Interest	150,083	321,190
Trust distributions	22,581,166	22,984,849
Investment manager fee rebates	614,588	463,368
Changes in net market value of investments	14,280,526	(87,904,099)
	37,626,363	**(64,134,692)**
Contributions revenue		
Employer contributions	32,449,084	30,588,121
Member contributions	7,397,518	7,383,250
Roll-ins from other funds	8,395,841	8,766,549
	48,242,443	**46,737,920**
Other revenue		
Group life insurance proceeds	913,378	619,560
Other	47,507	30,214
Total revenue	**86,829,691**	**(16,746,998)**
Benefits paid	(18,951,760)	(19,318,977)
Investment expenses		
Master custodian and investment manager fees	(713,161)	(1,039,597)
Group life & salary continuance premiums	(1,300,802)	(1,104,573)
General administration expenses		
Administrator fees	(4,311,975)	(4,128,309)
APRA fees	(68,146)	(64,983)
Auditor's remuneration	(65,236)	(59,409)
Depreciation	(188,246)	(186,592)
IT expenses	(32,315)	(28,378)
Other external service provider fees	(175,768)	(291,362)
Other expenses	(138,541)	(103,027)
Trustee remuneration	(308,628)	(301,909)
Superannuation contribution surcharge	-	1,299
Total expenses	**(26,254,578)**	**(26,625,817)**
Change in net assets before income tax	**60,575,113**	**(43,372,815)**
Income tax (expense)/benefit	(5,592,129)	5,017,508
Change in net assets after income tax	**54,982,984**	**(38,355,307)**
Net assets available to pay benefits at the beginning of the financial year	413,961,588	452,316,895
Net assets available to pay benefits at the end of the financial year	**468,944,572**	**413,961,588**


it easier for you to keep track of how
per is performing, we've set up
an investment returns section on our
ebsite at quadrantsuper.com.au

Quadrant

Retire comfortably