



Suncorp Cash Fund Quarterly Investment Report September 2011

Fund Summary

Investment Objective

The objective of this Fund is to provide a stable income stream.

Who Should Invest

The Fund is designed for investors who desire:

- Security with returns superior to a bank account.
- Quick and convenient access to funds.
- A short-term parking vehicle before investing in other asset classes.

Fees

	Nil Contribution Fee Option
Contribution Fee	NIL
Ongoing Fee	0.80%
Withdrawal Fee	Nil

Key Features

Minimum Initial Investment	\$2,000
Minimum Additional Investment	\$1,000
Minimum Withdrawal	\$1,000
Monthly Saving Plan	Not Available
Income Distribution	Quarterly
Fund Establishment Date	20 May 2002

Sector allocation

Sector allocation	Fund %
Floating rate notes	47.82
Mortgage backed securities	38.70
Corporate bonds	5.15
Unit trusts	6.47
Cash	1.86
Total allocation	100.00

Fund performance *

30 September 2011	1 month	3 month	6 month	1 year	3 year	5 year
Fund performance						
Total return	0.27	0.80	2.10	4.89	4.64	5.02
Growth return	-0.90	-0.37	-1.36	-1.64	-0.51	-0.18
Distribution return	1.17	1.17	3.46	6.53	5.15	5.20
UBS Warburg Australian Bank Bill Index	0.39	1.24	2.48	5.02	4.54	5.56

Market review

The Reserve Bank of Australia (RBA) made no interest rate movements in the third quarter of 2011 despite the market pricing for a cut in August and September. July saw concerns start to increase about weakness in the domestic economy. Sentiment deteriorated further in August, with the RBA cutting its projections for growth in the economy this year by 1% to 3.25%. However, it still expected inflation to remain at the top of the 2%-3% target range over the forecasting horizon and eventually to push a little above the top of that target range. In September, CPI data for quarter 2 was revised down by 0.3%, leading the RBA to conclude that inflation was more likely to stay within the target range over the next two years, rather than go over. As the quarter progressed, markets were pricing in an increasingly aggressive easing of RBA monetary policy.

Bank bill rates all fell in third quarter with the 1-month, 3-months and 6-months rates down 4 basis points to 4.87%, 11 basis points to 4.92% and 39 basis points to 4.68%, respectively.

Market outlook

In our view, much of the current market disruption is due to politics and associated declines in confidence. Although data has softened around the globe, it is still not at recessionary levels in the major economies despite what the market is pricing. Australian inflation is still at the top of the RBA's target 2%-3% band even if it has slightly reduced recently. Downside risks include the situation in Europe or the US deteriorating further leading to knock-on effects in Asia (particularly China), or if there is a serious slump in Australian employment and its terms of trade.

The RBA yet again kept rates on hold at its 4 October meeting, although the accompanying statement shows a slight shift in its language, which some market commentators have read as indicating a rate cut in November. In our view, the RBA is saying that it has put rate cuts on the table, but it hasn't picked up the knife and fork just yet. It might do so if there was a structural decline in our terms of trade (volume as well as price) and we see a sharp rise in unemployment—but both would have to occur to make the RBA act.

Performance review

The Suncorp Cash Fund returned 0.80% for the quarter underperforming its Bank Bill benchmark by 0.44%. Political issues plaguing the western world, starting with the US debt ceiling stalemate/potential US default in July, dominated the quarter. In August and September, the negative sentiment escalated with the US debt rating downgrade and indecisive political reactions to the intensifying sovereign debt problems and associated European bank concerns. Credit spreads across the board widened significantly reflecting extreme investor anxiety. All sectors contributed to this quarter's performance. European and US banks/financials bore the brunt of the spread widening.

Please refer to the Suncorp Investment Funds Product Disclosure Statement and its Supplementary ("SPDS") for full details of each Fund's benchmark.

Interests in the Suncorp Investment Funds ("SIFs") are issued by SIM Funds Management Limited ABN 31 068 147 651 ("SIM"), the Responsible Entity of the SIFs. Please read the SPDS before you make any decision regarding the SIFs. Contact our Client Services Team on 1800 067 732 for a copy. Suncorp-Metway Ltd ABN 66 010 831 722 ("SML") and its related companies are not responsible for or liable in respect of products or services provided by SIM. SML and its related companies do not guarantee the repayment of capital or the investment performance of the SIFs. Any investment in the SIFs is not a bank deposit or other bank liability, and is subject to investment risk, including possible delays in repayment and the loss of the income and principal invested.

Any advice contained in this document has been prepared without taking into account your particular objectives, financial situation or needs. For that reason, before acting on the advice you should consider the appropriateness of the advice having regard to your own objectives, financial situation and needs.

* The performance figures are calculated using soft close end of month exit prices are used. Performance figures do not include any contribution or withdrawal fees or any taxation consequences and are net of nominal transaction and banking costs at the SIM Trust level. The performance figures do allow for the historic ongoing fee. Income and distributions are also assumed to be reinvested back into the Fund. Past performance is not a reliable indicator of future performance. Future performance may vary widely from the returns shown here.