



September 2010

Fund Summary

Investment Objective

The objective of the Fund is to provide a relatively stable, monthly income stream.

Who Should Invest

The Fund is designed for investors who:

- Require a monthly income stream with a higher potential for income than a term deposit
- Have a short to medium (2 years) investment time frame
- Are comfortable with small levels of volatility in their investment.

Fees

	Contribution Fee Option	Nil Contribution Fee Option
Contribution Fee	3%	NIL
Ongoing Fee	1.25%	1.25%
Withdrawal Fee	NIL	4% (applicable for the first 3 years of each individual investment)

Key Features

Minimum Initial Investment	\$2,000
Minimum Additional Investment	\$1,000
Minimum Withdrawal	\$1,000
Monthly Savings Plan	Yes (minimum \$100) per month [^]
Investment Time Frame	2 years
Income Distribution	Monthly
Fund Establishment Date	17 April 2003

[^]Only available under the Contribution Fee Option

Investment range

Asset class	Neutral	Range
Cash and Australian fixed	100%	80-100%
Overseas fixed interest	0%	0-20%
Total income	100%	0-100%

* The performance benchmark is constructed using the above asset allocation

Market review

During the third quarter of 2010, the Reserve Bank of Australia (RBA) left its interest rate unchanged at 4.50%. Continued overseas troubles remained a major factor in the RBA keeping interest rates unchanged but still keeping a tightening bias, strongly suggesting interest rates will need to be higher in the near future due to inflation concerns.

Australian bond yields ended the quarter higher driven by hawkish comments from the RBA Governor about the likely future direction of domestic interest rates and a less gloomy global backdrop despite the continued reports on further Quantitative Easing in the US. 10-year bond yields finished the quarter at 4.96% (down from 5.09%) and 3-year bond yields at 4.75% (up from 4.43%). Bond yields and prices go in opposite directions.

Domestic markets experienced a considerable turnaround this quarter after the RBA Governor spoke about the need for higher rates over time to maintain price stability and removing stimulus from the economy due the mining boom. The markets had been priced for no further rate rises in 2010 but quickly moved to pricing one in, even for as early as October, with the possibility of further rises in November or December.

Fund performance *

30 September 2010 Fund performance	1 month (%)		3 months (%)		6 months (%)		1 year (%)		3 years (% pa)		5 years (% pa)	
	CF	NCF	CF	NCF	CF	NCF	CF	NCF	CF	NCF	CF	NCF
Total return	0.33	0.33	1.06	1.06	2.35	2.36	5.06	5.06	4.44	4.44	4.35	4.35
Growth return	0.33	0.33	1.06	1.06	1.51	1.52	2.45	2.45	0.66	0.66	0.16	0.16
Distribution return	0.00	0.00	0.00	0.00	0.84	0.84	2.61	2.61	3.78	3.78	4.19	4.19
Performance benchmark	0.06	0.06	1.42	1.42	3.22	3.22	5.98	5.98	6.16	6.16	5.90	5.90

CF = Contribution Fee. NCF = Nil Contribution Fee

* Performance figures are calculated using hard close end of month unit prices as defined in IFSA Standard 6.0, available from the IFSA website at www.ifsa.com.au. The performance figures are net of the ongoing fee and nominal transaction and banking costs at the Suncorp Investment Management Trust level. The figures do not include entry or exit fees or any taxation consequences and assume that all distributions are reinvested in the Fund. Past performance cannot be taken as an indication of future performance, which may vary widely from returns shown here.

Market review

Although the RBA did not raise the cash rate in October there is still a considerable chance of a rise in early November. This coupled with strong domestic data, including higher-than-expected inflation expectations and continued good employment figures, saw the local market underperform offshore markets. Offshore bond markets continue to factor in the possibility of further Quantitative Easing in the US and UK and were impacted by more negative news out of the smaller European nations, particularly Ireland and Portugal. There were signs of improvement in some of the data released in the US and Europe although not enough to show a definite recovery in growth in either region.

Many global investors still find Australian bond yields attractive especially with the prospect of a stronger Australian dollar due to the possibility of higher interest rates. Consequently, global investors have continued to increase their allocation to Australian bonds and the currency.

Market outlook

We maintain our forecast for at least one more increase in interest rates before year's end. However, we consider it likely that volatility will remain high into next year, due to the uncertainty surrounding global growth and investor reactions to changes in the ability of countries to repay debt and/or borrow in the bond market.

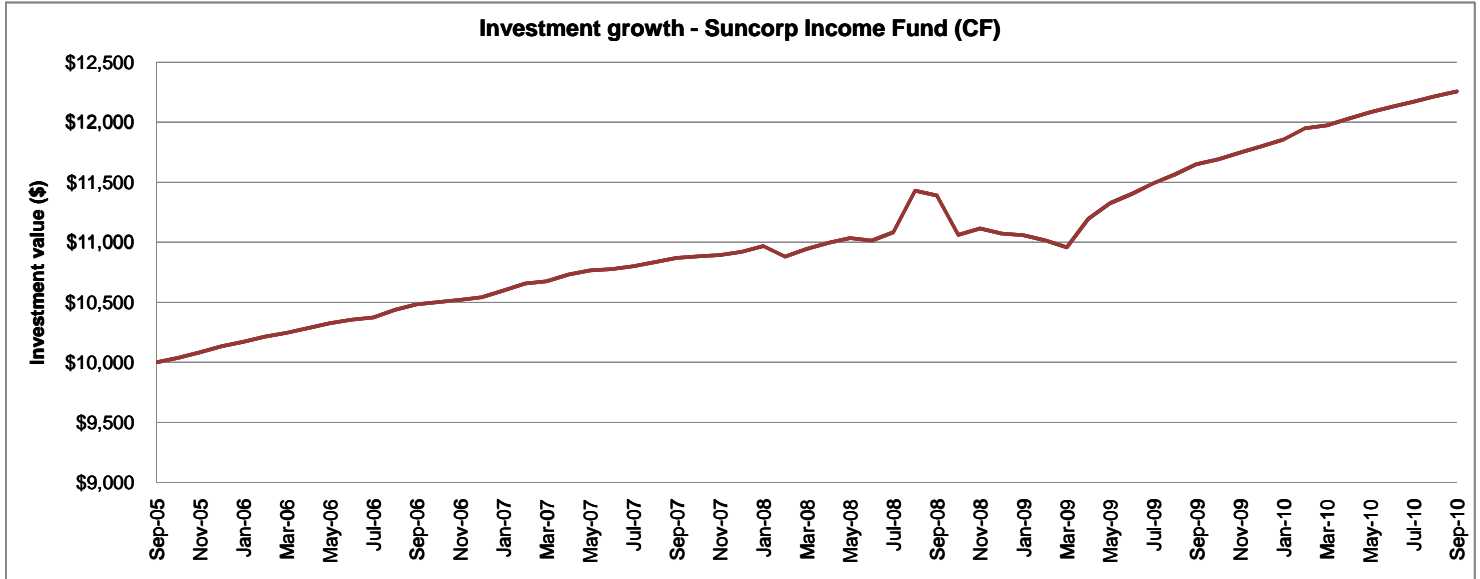
Performance review

The Suncorp Income Fund underperformed its benchmark by 0.36% over the September quarter delivering a return of 1.06%.



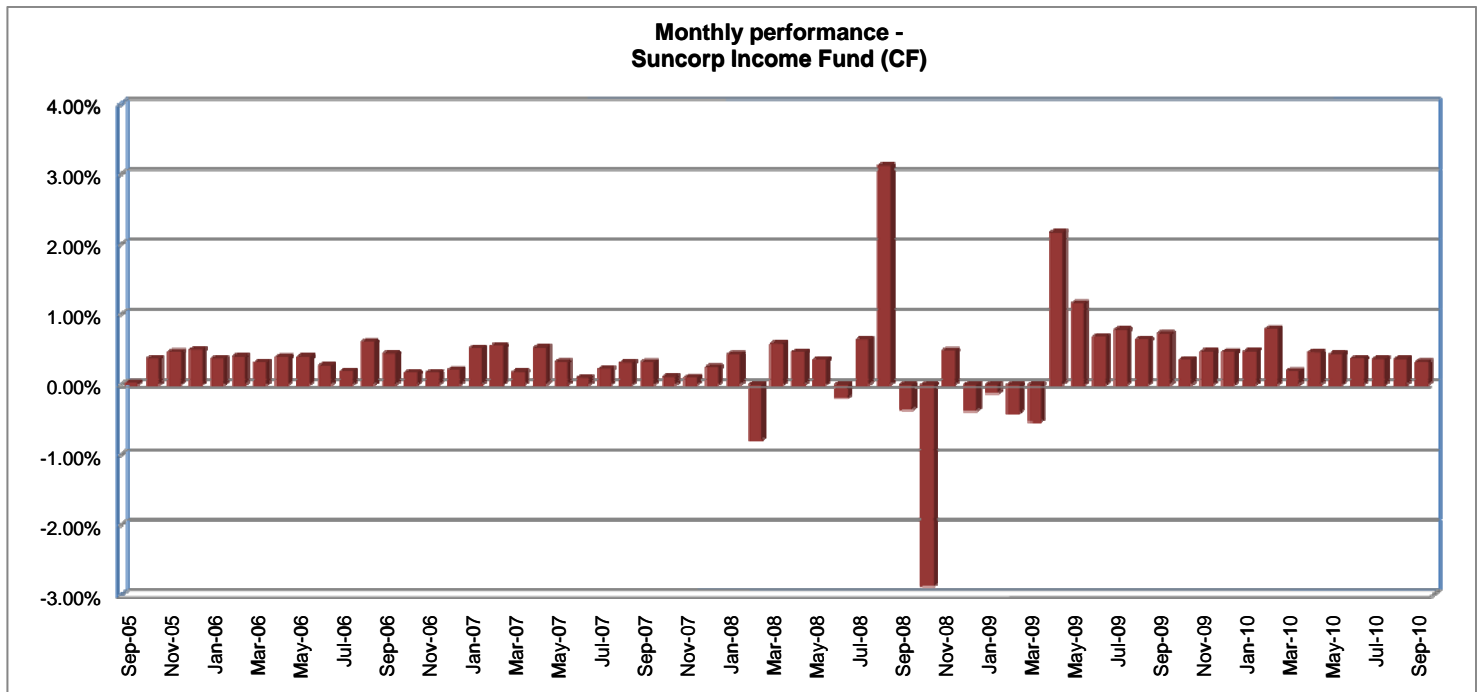
Performance graph

This graph shows the value of \$10,000 invested in the Suncorp Income Fund (Contribution Fee Option) since 30 September 2005.



Monthly volatility graph

This graph shows the volatility in the monthly performance of the Suncorp Income Fund (Contribution Fee Option) since September 2005.



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