

2017 Annual Report

Part A – Fund information

Issued: September 2017



When QSuper wins, our members win

SUPER RATINGS
2016 FUND OF THE YEAR 2016
2017 FUND OF THE YEAR 2017
10 10 YR PLATINUM PERFORMANCE 2007-2017
EGG PENSION OF THE YEAR FINALIST 2017
my MYSUPER OF THE YEAR 2017
Lightbulb BEST NEW INNOVATION FINALIST 2017
Chant West (Apple logo) **5** Super 2017
Chant West (Apple logo) **5** Pension 2017
Investments Best Fund 2017 Winner (Apple logo)
conexusfinancial Superannuation AWARDS 2017 WINNER LARGE FUND OF THE YEAR
conexusfinancial Superannuation AWARDS 2017 WINNER PENSION FUND OF THE YEAR

Important information

This Report is made up of two parts - Part A and Part B that together form the 2017 Annual Report. The 2017 Annual Report forms part of what is officially known as your annual statement, and must be read in conjunction with your 2017 Member Benefit Statement which consists of Your 2017 Super Statement, Your 2017 Super Transactions and Your 2017 Super Notes.

This report and the QSuper products held by you are issued by the QSuper Board (ABN 32 125 059 006, AFSL 489650) as trustee for QSuper (ABN 60 905 115 063). When we say 'we' or 'us' or 'our' and 'the QSuper Group' we're referring to the QSuper Board, QInvest Limited (QInvest) (ABN 35 063 511 580, AFSL 238274), QInsure Limited (QInsure) (ABN 79 607 345 853, AFSL 483057) and QSuper Limited (ABN 50 125 248 286, AFSL 334546), unless the context we're using it in suggests otherwise. QInvest, QInsure and QSuper Limited are ultimately owned by the QSuper Board as trustee for QSuper.

We've put this information together as general information only so keep in mind that it doesn't take into account your personal objectives, financial situation or needs. You should consider whether the product is appropriate for you by reading a copy of the product disclosure statement before making a decision - you can do this by downloading a copy from our website at qsuper.qld.gov.au or call us on 1300 360 750. © QSuper Board 2017. 10711 09/17

Chant West

Chant West has given its consent to the inclusion in this report of the references to Chant West and the inclusion of the logos and ratings or awards provided by Chant West in the form and context in which they are included. The Chant West ratings logo is a trademark of Chant West Pty Limited and is used under licence. It is only current at the date awarded by Chant West. The rating and associated material is only intended for use by Australian residents within the jurisdiction of Australia, and isn't permitted to be considered or used by a party outside of Australia.

The scores used by Chant West to derive the ratings are subjective scores that have been awarded based on data (including historical financial performance information) supplied by third parties. While such information is believed to be accurate, Chant West does not accept responsibility for any data inaccuracies. Past performance is not a reliable indicator of future performance. The Chant West rating does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice then Chant West warns that: (a) Chant West has not considered any individual's objectives, financial situation or particular needs; and (b) individuals should consider whether the advice is appropriate in light of their goals, objectives and current situation. For further information about the methodology used by Chant West, see www.chantwest.com.au

SuperRatings

SuperRatings does not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance.

Conexus

The Conexus Financial Superannuation Awards are determined using proprietary methodologies. Winning funds are determined on a range of criteria set and applied by an independent expert selection committee. Awards were issued 9 March 2017 and are solely statements of opinion and do not represent recommendations to purchase, hold, or sell any securities or make any other investment decisions. Ratings are subject to change. Past performance is not a reliable indicator of future performance.



Contents

- 03** The Chairman's report
- 04** Financial summary
- 06** The CEO's report
- 07** Our key achievements
- 08** Our products
- 10** Our investments
- 12** Our investment options
- 18** The QSuper Board and Committees
- 25** Our people
- 26** Corporate governance
- 26** Managing our members' super
- 30** Important information
- 31** Fund changes for 2016/2017

About QSuper

For over 100 years, we've looked after the people who look after Queensland. Today we're responsible for managing more than \$72 billion in retirement savings for over 566,000 members, making us one of the largest superannuation funds in Australia.¹

Our members are at the heart of everything we do, and our focus is on helping each member make the most of today and plan to achieve their individual retirement goals. We do this via financial education, personal service, a unique investment philosophy and award-winning products.²

The QSuper Group's range of products include superannuation fund and financial services, including the financial advice business QInvest, a life insurance company QInsure, which we launched on 1 July 2016,³ and a mortgage broking service, QInvest LoanFinder.⁴

About our annual report

We're pleased to present our annual report for the 12 months ending 30 June 2017. We've prepared this report for Queensland Parliament, our members, employers and anyone with an interest in QSuper.

Part A of our annual report is an important part of our corporate governance framework, and gives a high-level overview of our activities over the year. It includes information about the Fund's performance, achievements and management. Part B includes the Fund's audited financial statements.

¹ Based on Funds Under Management (FUM) information Australian Prudential Regulation Authority (APRA) Annual Fund-level Superannuation Statistics June 2016 edition (issued 1 February 2017).

² QSuper was named SuperRatings Fund of the Year in 2017. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance. Ratings or awards are only one factor that you should consider when deciding how to invest your super.

³ QInsure provides death, total and permanent disability and income protection cover through a group life policy issued to the QSuper Board.

⁴ These credit services are provided by QInvest. QSuper does not receive any direct payments or commissions from QInvest as a result of members using the LoanFinder service.



The Chairman's report



Karl Morris

Chairman of the QSuper Board, and the QSuper Limited and QInvest Limited Boards

Welcoming new members and employers

QSuper has embarked on one of the most significant and exciting new chapters in our history, welcoming new members and employers from 1 July 2017. Preparing ourselves for this moment has been an important focus for the QSuper Board over the past year.

Central to this preparation is our continued member-first philosophy. QSuper members, both current and future, can feel more confident about their future, knowing they're with a fund that has been looking after Queenslanders for over a century, delivering low fees and consistently strong returns.¹

Strategy that delivers for members

The superannuation industry has undergone significant change in recent years, driven by changes to Federal Government retirement income policy, heightened regulatory oversight, growing competitive pressure within the industry, and evolving member requirements.

QSuper's 2015-18 Group Strategy responds to these internal and external strategic drivers with the aim to sustainably improve the financial wellbeing of members over their lifetime. Over this period, QSuper has been successfully delivering innovative product enhancements and additional member advice offerings. This has led to increased member engagement and satisfaction.

One strategic milestone I would like to call out specifically is the establishment of QInsure on 1 July 2016, a life insurance company wholly-owned by QSuper Limited and an industry first. This enabled the QSuper Board to launch a new insurance offering that provides increased flexibility for eligible members so they can tailor cover to suit their personal situation. We also rolled out our holistic claims management philosophy which is a member-centric approach to the management of income protection and total and permanent disability claims.

Providing members with products and services they need

Everything we do is designed to ensure we're offering our members the best possible products and services when they need them, and it's a great honour to have this work recognised by the industry awards that QSuper has received this year. QSuper was awarded 2017 SuperRatings Super Fund of the Year for the second year in a row. Additionally, we received Pension Fund of the Year for the third time and Large Fund of the Year for the second time at the Conexus Financial Superannuation Awards.

A word of thanks

We cannot achieve great things without great leaders, so on behalf of the QSuper Board I would like to recognise the outstanding contributions of our Chief Executive Officer Michael Pennisi, and the rest of the QSuper Executive Committee. And a sincere thanks also to our staff who live, breathe and most importantly deliver on our single-most important commitment to always put our members first.



Karl Morris

¹ Awarded SuperRatings 10 year Platinum Performance 2007-2017 award on 18 October 2016. SuperRatings do not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance. Ratings, awards or investment returns are only one factor that you should consider when deciding how to invest your super.

Financial summary

This is an abridged audited version of QSuper's financial statements. You can find the full audited financial statements and Auditor's Report in Part B of the annual report. The following primary statements and comparative figures have been adjusted to conform to changes in presentation for the current financial year as required by new accounting standards. For the full impact of the new accounting standards, refer to Part B of the annual report.

Statement of financial position

As at 30 June 2017

Assets	2017 \$m	2016 \$m
Cash and cash equivalents	3,449	4,615
Equities	21,756	17,477
Listed trusts	1,044	1,122
Derivative assets	422	565
Other interest bearing securities	12,021	11,955
Unlisted unit trusts	34,270	28,961
Receivables	196	1,311
Investments in service providers	306	102
Employer-sponsor receivables	21,774	22,937
Total assets	95,238	89,045
Liabilities		
Payables	(157)	(173)
Derivative liabilities	(314)	(102)
Current tax liabilities	(134)	(215)
Deferred tax liabilities	(494)	(538)
Insurance liabilities	(145)	(304)
Total liabilities excluding member benefits	(1,244)	(1,332)
Net assets available for member benefits	93,994¹	87,713
Defined Contribution (i.e. Accumulation) member liabilities	(65,243)	(58,545)
Defined Benefit member liabilities	(27,507)	(28,173)
Total member liabilities	(92,750)	(86,718)
Net assets	1,244	995
Equity		
Reserves	1,244	995
Total equity	1,244	995

Income statement

For the year ended 30 June 2017

Superannuation activities	2017 \$m	2016 \$m
Dividends and distributions	2,760	3,420
Changes in fair value of investments	2,251	1,141
Interest income	161	105
Total net income	5,172	4,666
Direct investment expenses	(114)	(79)
Administration fee	(159)	(147)
Financial planning fee	(17)	(18)
Other expenses	(9)	(8)
Total expenses	(299)	(252)
Net result from insurance activities	(7)	37
Results from superannuation activities before income tax expense	4,866	4,451
Income tax expense	(22)	(182)
Results from superannuation activities after income tax expense	4,844	4,269
Net benefits allocated to Defined Contribution (i.e. Accumulation) members	(3,896)	(3,937)
Net change in Defined Benefit member benefits	(814)	(369)
Operating result after income tax	134	(37)

¹ Net assets available for member benefits includes employer-sponsor receivables for defined benefit members held by Queensland Treasury, in addition to the \$72 billion in retirement savings managed by QSuper.

Statement of changes in member benefits

For the year ended 30 June 2017

	Defined Contribution (i.e. Accumulation) member benefits \$m	Defined Benefit member benefits (\$m)	Total \$m
Opening balance as at 1 July 2016	58,545	28,173	86,718
Employer contributions	2,981	1,970	4,951
Member contributions	1,564	124	1,688
Transfers from other superannuation entities	1,316	19	1,335
Income tax on contributions	(370)	(300)	(670)
Net after tax contributions	5,491	1,813	7,304
Benefits to members	(4,015)	(299)	(4,314)
Insurance premiums charged to members' accounts	(437)	(4)	(441)
Internal transfers	1,766	(1,766)	–
Superannuation contributions surcharge	(2)	1	(1)
Transfer to/(from) reserves			
Net administration fees	(106)	(62)	(168)
Other	1	–	1
Death & disability amounts received for members	104	–	104
Net benefits allocated to Defined Contribution (i.e. Accumulation) member accounts	3,896	–	3,896
Net change in member benefits to be funded by employer	–	(1,163)	(1,163)
Net change in Defined Benefit member benefits	–	814	814
Closing balance as at 30 June 2017	65,243	27,507	92,750
Opening balance as at 1 July 2015	52,458	30,649	83,107
Employer contributions	2,575	1,928	4,503
Member contributions	993	121	1,114
Transfers from other superannuation entities	1,121	18	1,139
Income tax on contributions	(382)	(286)	(668)
Net after tax contributions	4,307	1,781	6,088
Benefits to members	(3,303)	(307)	(3,610)
Insurance premiums charged to members' accounts	(401)	(6)	(407)
Internal transfers	1,615	(1,615)	–
Superannuation contributions surcharge	(2)	1	(1)
Transfer (to)/from reserves			
Net administration fees	(89)	(57)	(146)
Death & disability amounts received for members	23	–	23
Net benefits allocated to Defined Contribution (i.e. Accumulation) member accounts	3,937	–	3,937
Net change in member benefits to be funded by employer	–	(2,642)	(2,642)
Net change in Defined Benefit member benefits	–	369	369
Closing balance as at 30 June 2016	58,545	28,173	86,718

The CEO's report



Michael Pennisi

Chief Executive Officer of QSuper, QSuper Limited, QInvest Limited and QInsure Limited.

As a super fund, we believe that when it comes to your future, it's what happens today that matters most.

One of our greatest strengths is that we've always put our members first. Whether it's through personalised service, our commitment to continually improve our products and services or the work we've done in recent years to redefine our investment model¹ to deliver more consistent investment returns, we're always looking at new and better ways to deliver. It's all about helping our members put in place a solid plan, so they can feel confident in their ability to achieve a more secure financial future.

An investment model that sets us apart

In the aftermath of the global financial crisis, which saw the net wealth of many Australians fall as they were about to enter retirement, we sat down and reflected on what we could learn from the experience. As a result, we did what no other super fund in Australia has done and completely shifted our investment strategy in a new direction. In short, we redirected the influence of equities on our portfolios, with the aim of better managing volatility, so we can deliver more stability in times of instability – something that's especially important to our members.

This new direction is very different from the traditional industry approach, so I was extremely proud that QSuper won the award for Best Fund: Investments at the 2017 Chant West awards as endorsement of our industry-leading investment strategy.

Getting ready to welcome new members

Our commitment to continue to help our members achieve their best possible retirement outcomes won't waver as we embark on the most exciting time in our proud century-long history – welcoming new members from 1 July 2017.

We've been preparing for this change for some time now and have worked closely with the Queensland Government on how it can offer its employees choice of fund, which came into effect on 30 June 2017. But to me, open fund and choice of fund means just one thing – that our current and future members are supported in making informed decisions around which super fund is right for them.

Continuous improvement

It is through continuous improvement that we deliver on our promise to always put our members first. In addition to establishing our own life insurance company, QInsure, we announced that our administration fee would be further reduced from 30 September 2017, in line with our commitment to keep fees low. This year also saw us embed a new organisational structure to allow us to more efficiently deliver change across the business. We also commenced investment in uplifting our digital capability, information management and core administrative systems to ensure our behind-the-scenes functionalities can continue to effectively and efficiently support the award-winning products and services we provide to our members.

Supporting the community work of many of our members

We're also passionate about seeing QSuper play a greater role in the community and giving something back to make a real difference to the lives of Queenslanders. I see no better source of inspiration than our very own members, many of whom perform remarkable work each and every day in their communities in tough frontline roles. As a truly member-focused group, we want to mirror their commitment and support them as much as we can. One such area many of our members make a real difference in, either directly or indirectly, is supporting the victims of domestic violence and their families. As a result, we've initiated a three-year partnership with domestic violence hotline, DVConnect – the leading state-wide crisis response service that operates 24 hours a day, seven days a week. This includes the QSuper Group funding an additional full-time telephone support officer to answer up to 4,000 more calls annually, from Queenslanders in need of support.

We really are on the cusp of an exciting future, but as initiatives like this show, our members will always guide everything that we do.

Michael Pennisi

¹ Past performance is not a reliable indicator of future performance.

Our key achievements



An Australian first in the super industry

On 1 July 2016, we established QInsure, Australia's first life insurance company ultimately owned by a profit-for-member super fund. Our new insurance arrangement provides increased flexibility – so our eligible Accumulation account members can tailor their insurance cover to meet their needs.



Giving our members a better insurance claims experience

As part of our new insurance offering, this year also saw the launch of our holistic claims initiative. This initiative takes a proactive member-centric approach where we engage early and often through the claims process with our affected members, employers and healthcare professionals to achieve the best possible insurance claims outcomes for all involved.



When we win, our members win

We won a number of prestigious industry awards during the year, including:

- **SuperRatings Fund of the Year 2017** – for our best value end-to-end product offering
- **SuperRatings MySuper of the Year 2017** – for our best value-for-money default offering
- **Chant West Best Fund: Investments 2017** – for our industry-leading investment strategy
- **2017 Conexus Large Fund of the Year** – for our first rate member services, flexible and high performing investments.
- **2017 Conexus Pension Fund of the Year** – for our high quality Income account product, and in particular the variety of features it offers, its low fees and flexibility.



Helping members understand how super changes could impact them

Last year saw the announcement of some of the most sweeping changes to super in many years. And with this change comes the need to ensure our members fully understand how the new arrangements could potentially affect them – now and into the future. To communicate with directly affected members the QSuper Group delivered:

- tailored workplace and member seminars
- published web articles that explore each change in easy-to-understand language
- personalised direct communication to more than 27,000 members.



Investing in our future focus

During the past year, we've invested in our core administration systems, digital capability, information management and change capability. This investment in our behind-the-scenes functionalities means we can continue to improve the products and services, and access to advice our members receive.



Our new superannuation contributions portal

Employer Direct is QSuper's new SuperStream-compliant super contributions portal which went live in August 2015. The bespoke system was developed to better support employers with complex and detailed arrangements, and the successful transfer of all our big employers to Employer Direct by 30 June 2017 demonstrates our commitment to provide our employers with simple and quick to use solutions. The system currently processes more than 485,000 contributions per fortnight.

Our products



Accumulation account

Our QSuper Accumulation account is designed for members in the growth stage of their working life.

With an Accumulation account, members can take an active role in how their superannuation is invested by choosing from ten different investment options ranging from higher risk/higher return to lower risk/lower return. If members don't choose how they want their money invested, we place them into our default option, QSuper Lifetime.

Our Self Invest option caters to those members who want more control and flexibility over how their superannuation is invested by giving them the ability to invest in Australian shares, exchange traded funds and term deposits.

QSuper members who no longer work for the Queensland Government have the option for their employer to make their superannuation contributions into their Accumulation account on their behalf. As at 30 June 2017, more than 62,000 members were using this option.

Accumulation account	30 June 2017	30 June 2016
Accounts (active) ¹	344,403	322,512
Accounts (retained) ¹	516,594	485,842
Income protection benefits paid	4,509	4,487
Rollovers to the Fund	45,445	45,924
Members making voluntary contributions	86,632	83,495
Accumulation accounts opened via spouse deposits	1,977	1,874

Income		
Contribution	\$5,491m	\$4,306m
Investment	\$2,946m	\$2,936m
Total	\$8,437m	\$7,242m
Net transfer to/(from) other products	(\$1,033m)	\$446m
Expenditure	\$2,561m	\$2,374m
Balance of accounts	\$50,856m	\$43,947m

¹ Some QSuper members have multiple accounts.



Income account

Our Income account is an account-based pension product that allows members to use their superannuation funds to provide an income in retirement. The income stream is paid until the Income account balance is exhausted or a member closes their Income account.



Transition to Retirement Income account

The Transition to Retirement option allows eligible members to open an Income account and draw an income stream while they're still working. This option was offered to members in July 2006, and as at 30 June 2017, we had 6,833 members with a Transition to Retirement Income account.

Income account	30 June 2017	30 June 2016
Accounts	45,454	41,646
New accounts opened	9,741	8,269

Income		
Contribution	\$0m	\$0m
Investment	\$951m	\$1,002m
Total	\$951m	\$1,002m
Net transfer to/(from) other products	(\$732m)	(\$2,061m)
Expenditure	\$1,894m	\$1,399m
Balance of accounts	\$14,387m	\$14,598m



Defined Benefit account

A QSuper Defined Benefit account provides superannuation benefits based on a member's salary, contribution rate and length of membership. Employer contributions are held in a reserve managed by Queensland Treasury Corporation (QTC) on behalf of the Queensland Government, which when combined with the employee contributions, fund the benefits of our Defined Benefit account members as required.

The Defined Benefit account is closed to new members.

Defined Benefit account	30 June 2017	30 June 2016
Accounts (active)	44,823	47,569
Accounts (retained) ¹	32,274	34,447
Benefit payments		
Age retirement	3,556	3,444
Permanent disability	94	162
Resignation	849	949
Retrenchment	130	249
Income protection benefits paid	1,181	1,234
Income		
Contribution	\$1,813m	\$1,781m
Investment	\$814m	\$369m
Total	\$2,626m	\$2,150m
Net transfer to/(from) other products	\$1,766m	\$1,615m
Expenditure	\$364m	\$370m
Net movement in employer receivable ²	\$1,163m	\$2,642m
Balance of accounts	\$27,507m	\$28,173m



State and Police accounts

QSuper State and Police accounts are defined benefit style accounts and are closed to new members.

In a State or Police account employer contributions are also held in a reserve managed by QTC on behalf of the Queensland Government, which when combined with the employee contributions fund the benefits of State and Police account members as required.

State and Police accounts	30 June 2017	30 June 2016
Accounts	706	781
Benefit payments		
Age retirement	75	62
Ill-health retirement	0	6
Death	1	0
Resignation	0	4
Retrenchment/redundancy	3	5
Total	79	77
Income protection benefits paid	11	12
Income	Included in the Defined Benefit account table on the left	Included in the Defined Benefit account table on the left
Expenditure	Included in the Defined Benefit account table on the left	Included in the Defined Benefit account table on the left
Balance of accounts	Included in the Defined Benefit account table on the left	Included in the Defined Benefit account table on the left

¹ Also referred to as deferred retirement benefits. ² All employer contributions are held in a reserve managed by QTC. This amount reflects the net change in the employer receivable (net of contributions tax) as calculated by the Queensland State Actuary.

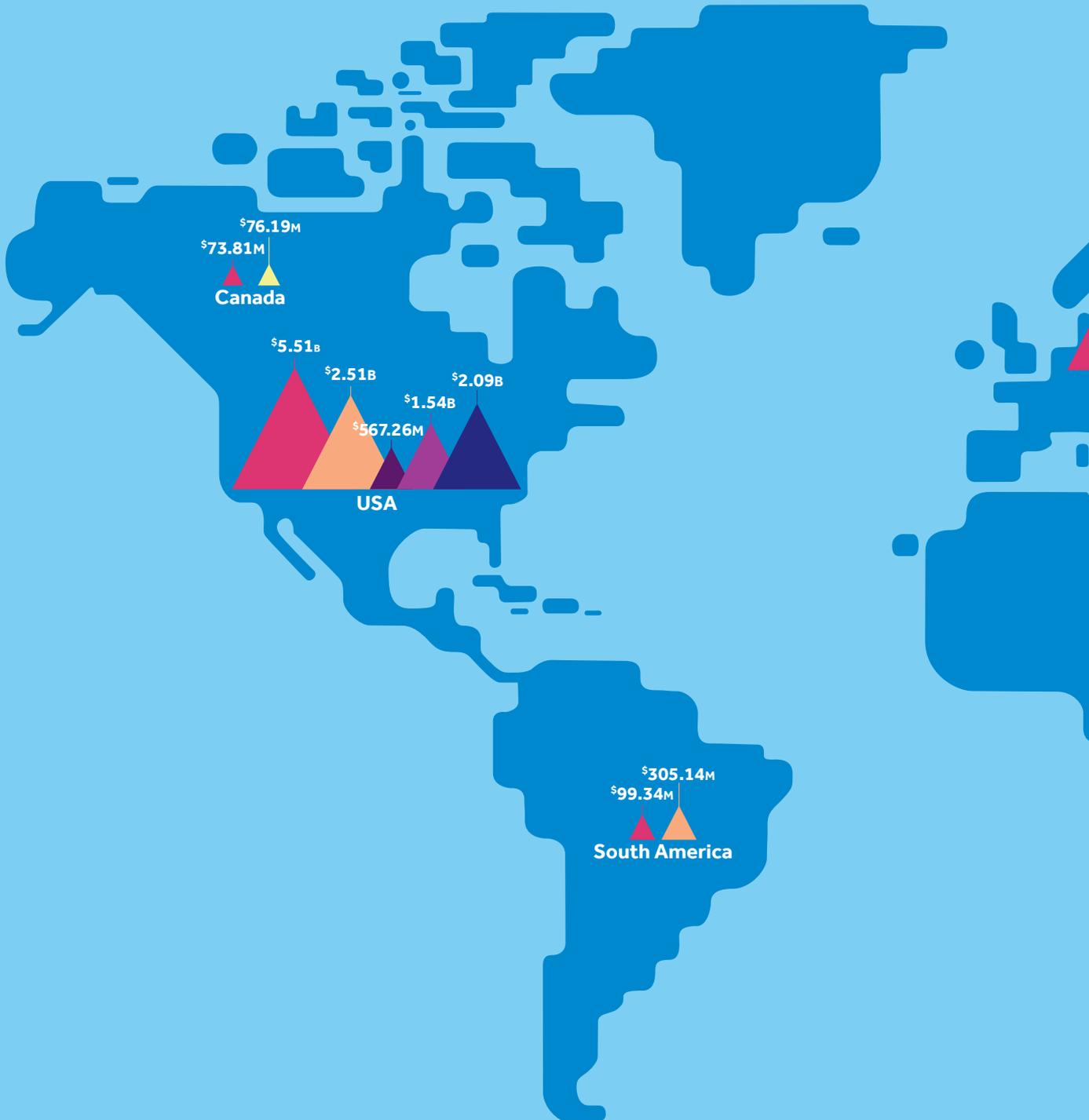
Our investments

Having a well-diversified portfolio¹ helps deliver more stable returns for our members. That's why we invest in 37 countries with assets totalling more than \$72 billion.²

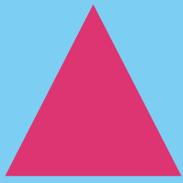
Depending on each member's chosen investment strategy, their super can be invested in a wide range of asset classes, including Australian and International equities, fixed interest, cash, real estate, infrastructure and alternative assets.

QSuper's investment strategy aims to use diversification to deliver more consistent returns throughout the cycle, making it less sensitive to any one economic or financial market driver.³

Brad Holzberger,
Chief Investment Officer, QSuper Limited



¹ The term 'portfolio' is used to refer collectively to the underlying portfolios of assets which in combination make up the individual asset allocations excluding the Socially Responsible, Diversified Bonds and Self Invest investment options. ² This total asset figure does not equal \$72 billion as not all QSuper Fund assets are included either due to an immaterial holding or an inability to look through to assets/country level for certain investments. ³ Past performance is not a reliable indicator of future performance.



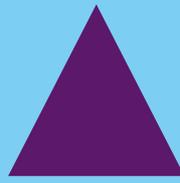
Equities



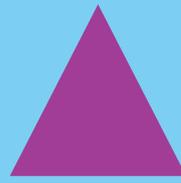
Fixed interest



Cash



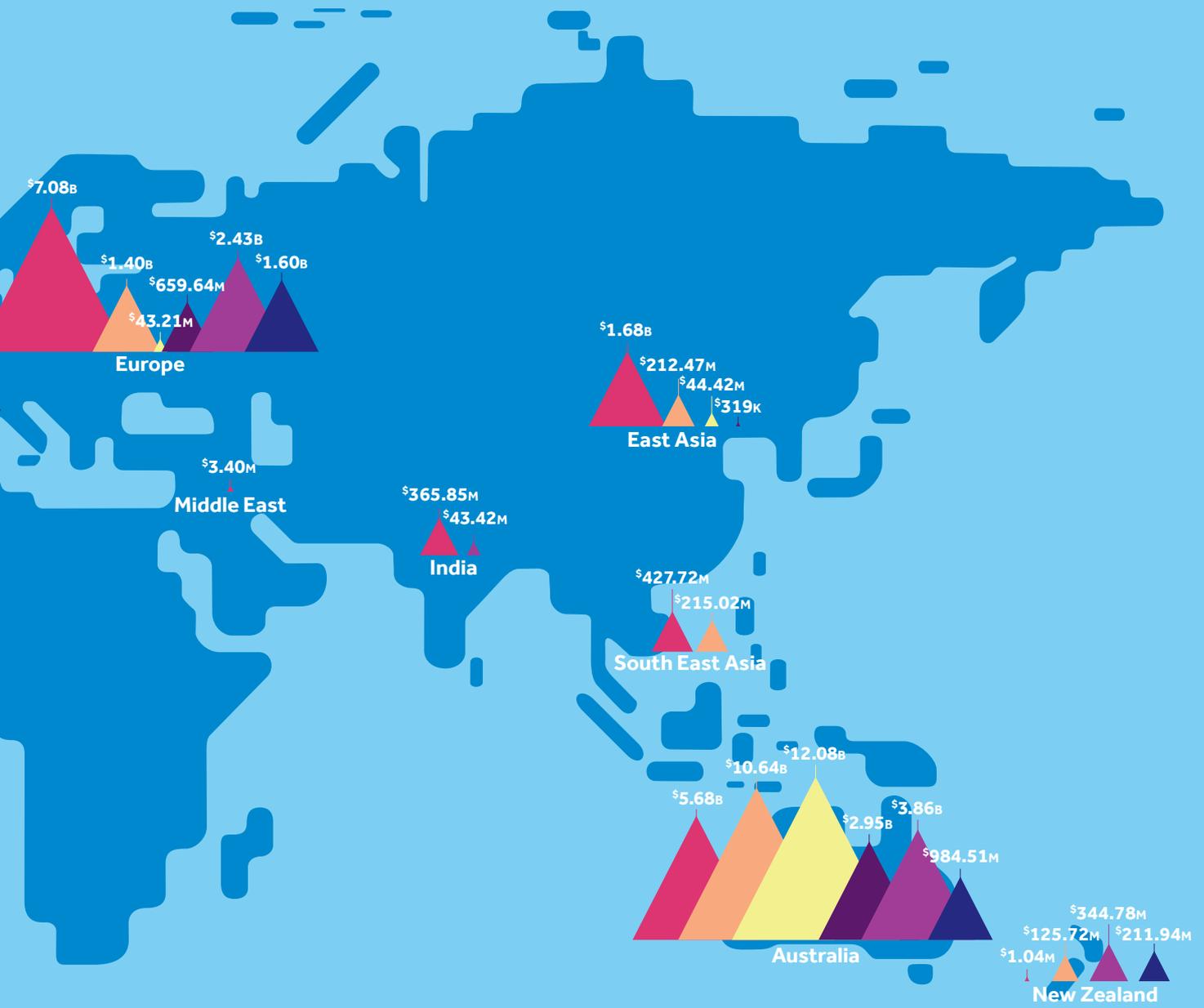
Real estate



Infrastructure



Alternatives



Our investment options

QSuper Lifetime

Default option for the Accumulation account

Outlook You're under 40

This is the default group for the Accumulation account for members under age 40.

Suitable for long-term investors who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 4.5% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between three and four times in every 20 years.



Fees¹

Management fees for 2016/2017

Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.38	0.44	1.02

Asset allocations

	Actual asset allocations (%) year ended:		Ranges (%)
	30 June 2016	30 June 2017 ³	
Cash	6	5	0–15
Fixed interest ⁴	20	22	0–35
Real estate	9	9	0–25
Equities	40	37	5–65
Commodities	2	2	0–20
Alternative assets	9	8	0–30
Infrastructure	14	17	0–25

Investment returns^{5,6}

	Accumulation account %	Income account %
12 months	9.79	n/a
3 years p.a.	9.97	n/a
5 years p.a.	n/a	n/a
10 years p.a.	n/a	n/a

Aspire 1 You're 40-49

This is the default group for the Accumulation account for members aged 40-49 with less than \$50,000 invested in Lifetime.

Suitable for medium to long-term investors with lower account balances who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 4.5% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between three and four times in every 20 years.



Fees¹

Management fees for 2016/2017

Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.32	0.36	0.88

Asset allocations

	Actual asset allocations (%) year ended:		Ranges (%)
	30 June 2016	30 June 2017 ³	
Cash	6	5	0–15
Fixed interest ⁴	20	22	0–35
Real estate	9	9	0–25
Equities	40	37	5–65
Commodities	2	2	0–20
Alternative assets	9	8	0–30
Infrastructure	14	17	0–25

Investment returns^{5,6}

	Accumulation account %	Income account %
12 months	9.93	n/a
3 years p.a.	10.07	n/a
5 years p.a.	n/a	n/a
10 years p.a.	n/a	n/a

Aspire 2 You're 40-49

This is the default group for the Accumulation account for members aged 40-49 with \$50,000 or more invested in Lifetime.

Suitable for medium to long-term investors with higher account balances who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 4.0% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between three and four times in every 20 years.



Fees¹

Management fees for 2016/2017

Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.32	0.36	0.88

Asset allocations

	Actual asset allocations (%) year ended:		Ranges (%)
	30 June 2016	30 June 2017 ³	
Cash	6	4	0–20
Fixed interest ⁴	36	37	10–60
Real estate	7	7	0–25
Equities	32	30	5–50
Commodities	1	2	0–20
Alternative assets	7	6	0–30
Infrastructure	11	14	0–25

Investment returns^{5,6}

	Accumulation account %	Income account %
12 months	7.20	n/a
3 years p.a.	8.87	n/a
5 years p.a.	n/a	n/a
10 years p.a.	n/a	n/a

¹ Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option. ² Administration fees are capped for Accumulation and Income accounts. Please see our website at qsuper.qld.gov.au for more information. ³ This figure has been rounded for member reporting purposes. ⁴ In the Lifetime option and Ready Made options these assets provide diversification, a hedge against inflation and target yield enhancement. This asset class is also referred to as bonds. ⁵ Past performance is not a reliable indicator of future performance. ⁶ Return net of administration and investment fees and taxes.

Focus 1 You're 50-57

This is the default group for the Accumulation account for members aged 50-57 with a Lifetime account balance of less than \$100,000.

Suitable for medium-term investors with low balances who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 4.0% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.28	0.30	0.78
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
	30 June 2016	30 June 2017 ³	
Cash	6	4	0-20
Fixed interest ⁴	35	37	10-60
Real estate	8	7	0-25
Equities	32	30	5-50
Commodities	1	2	0-20
Alternative assets	7	6	0-30
Infrastructure	11	14	0-25
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	7.80	n/a	
3 years p.a.	8.63	n/a	
5 years p.a.	n/a	n/a	
10 years p.a.	n/a	n/a	

Focus 2 You're 50-57

This is the default group for the Accumulation account for members aged 50-57 with a Lifetime account balance of \$100,000 to less than \$250,000.

Suitable for medium-term investors with moderate account balances who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 3.75% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.28	0.30	0.78
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
	30 June 2016	30 June 2017 ³	
Cash	5	4	0-25
Fixed interest ⁴	43	45	20-70
Real estate	7	6	0-20
Equities	28	26	0-45
Commodities	1	1	0-20
Alternative assets	6	6	0-25
Infrastructure	10	12	0-20
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	6.65	n/a	
3 years p.a.	7.84	n/a	
5 years p.a.	n/a	n/a	
10 years p.a.	n/a	n/a	

Focus 3 You're 50-57

This is the default group for the Accumulation account for members aged 50-57 with \$250,000 or more invested in Lifetime.

Suitable for medium-term investors with high balances who want exposure to assets with potentially higher returns.

Objective

To achieve an annual return of CPI + 3.5% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.28	0.30	0.78
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
	30 June 2016	30 June 2017 ³	
Cash	5	4	0-30
Fixed interest ⁴	51	53	30-75
Real estate	6	5	0-20
Equities	24	22	0-45
Commodities	1	1	0-20
Alternative assets	5	5	0-25
Infrastructure	8	10	0-20
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	5.50	n/a	
3 years p.a.	7.04	n/a	
5 years p.a.	n/a	n/a	
10 years p.a.	n/a	n/a	

¹ Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option. ² Administration fees are capped for Accumulation and Income accounts. Please see our website at qsUPER.qld.gov.au for more information. ³ This figure has been rounded for member reporting purposes. ⁴ In the Lifetime option and Ready Made options these assets provide diversification, a hedge against inflation and target yield enhancement. This asset class is also referred to as bonds. ⁵ Past performance is not a reliable indicator of future performance. ⁶ Return net of administration and investment fees and taxes.

QSuper Lifetime

Default option for the Accumulation account

Sustain 1 You're 58 or over

This is the default group for the Accumulation account for members aged 58 or over with less than \$300,000 invested in Lifetime.

Suitable for investors who are close to or in retirement.

Objective

To achieve an annual return of CPI + 2.5% (after fees and tax), measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between 0.5 and once in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.20	0.19	0.59
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
30 June 2016		30 June 2017 ³	
Cash	53	53	40–75
Fixed interest ⁴	10	11	0–35
Real estate	5	4	0–20
Equities	20	18	0–45
Commodities	1	1	0–20
Alternative assets	4	4	0–25
Infrastructure	7	9	0–20
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	5.68	n/a	
3 years p.a.	5.96	n/a	
5 years p.a.	n/a	n/a	
10 years p.a.	n/a	n/a	

Sustain 2 You're 58 or over

This is the default group for the Accumulation account for members aged 58 or over with \$300,000 or more invested in Lifetime.

Suitable for investors who are close to or in retirement.

Objective

To achieve an annual return of CPI + 2.0% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected less than 0.5 times in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.20	0.19	0.59
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
30 June 2016		30 June 2017 ³	
Cash	73	72	50–90
Fixed interest ⁴	6	7	0–35
Real estate	3	2	0–20
Equities	11	11	0–45
Commodities	1	1	0–20
Alternative assets	2	2	0–25
Infrastructure	4	5	0–20
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	3.82	n/a	
3 years p.a.	4.19	n/a	
5 years p.a.	n/a	n/a	
10 years p.a.	n/a	n/a	

Ready Made

Moderate

Suitable for investors who want short to medium-term stability and some exposure to growth assets with potential for moderate returns. Investors in the Moderate option should also be prepared to sacrifice the potential for higher returns in exchange for short to medium-term stability.

Objective

To achieve a return of CPI + 2.5% p.a. after fees and tax, measured over rolling 3-year periods.

Risk

A negative annual return is expected between 0.5 and once in every 20 years.



Fees ¹			
Management fees for 2016/2017			
Administration fee % ²	Investment fee %	Investment performance fee %	Total %
0.20	0.21	0.19	0.60
Asset allocations			
Actual asset allocations (%)		Ranges year ended: (%)	
30 June 2016		30 June 2017 ³	
Cash	57	59	40–70
Fixed interest ⁴	10	10	2.5–17.5
Real estate	4	3	0–10
Equities	19	17	12.5–27.5
Commodities	1	1	0–7.5
Alternative assets	3	3	0–12.5
Infrastructure	6	7	0–10
Investment returns ^{5,6}			
	Accumulation account %	Income account %	
12 months	5.56	6.07	
3 years p.a.	5.57	6.02	
5 years p.a.	6.44	7.15	
10 years p.a.	4.76	5.33	

¹ Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option.

² Administration fees are capped for Accumulation and Income accounts. Please see our website at qsuper.qld.gov.au for more information. ³ This figure has been rounded for member reporting purposes. ⁴ In the Lifetime option and Ready Made options these assets provide diversification, a hedge against inflation and target yield enhancement. This asset class is also referred to as bonds. ⁵ Past performance is not a reliable indicator of future performance.

⁶ Return net of administration and investment fees and taxes.



Balanced

Default option for the Income account

Suitable for medium to long-term investors who want exposure to assets with potentially higher returns. Investors in the Balanced option should also be prepared to accept fluctuations in the value of their investments over the short term.

Objective

To achieve a return of CPI + 3.5% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.



Fees ²			
Management fees for 2016/2017			
Administration fee % ³	Investment fee %	Investment performance fee %	Total %
0.20	0.33	0.38	0.91
Asset allocations			
Actual asset allocations (%) year ended:		Ranges (%)	
30 June 2016		30 June 2017 ⁴	
Cash	13	15	0–25
Fixed interest ⁵	19	21	5–35
Real estate	9	8	0–20
Equities	38	35	25–55
Commodities	1	1	0–15
Alternative assets	7	6	0–25
Infrastructure	13	14	0–20
Investment returns ^{6,7}			
	Accumulation account %	Income account %	
12 months	9.53	10.32	
3 years p.a.	9.30	9.93	
5 years p.a.	10.17	11.15	
10 years p.a.	5.94	6.68	



Socially Responsible¹

Suitable for medium to long-term investors who want an approach that considers the investment's impact on society and the environment. Investors in the Socially Responsible option who want exposure to assets with potentially higher returns should also be prepared to accept fluctuations in the value of their investments over the short term.

Objective

To achieve a return of CPI + 3.5% p.a. after fees and tax, measured over rolling 5-year periods.

Risk

Investors should be aware that a negative annual return is expected between four and six times in every 20 years.



Fees ²			
Management fees for 2016/2017			
Administration fee % ³	Investment fee %	Investment performance fee %	Total %
0.20	0.71	0.00	0.91
Asset allocations			
Actual asset allocations (%) year ended:		Ranges (%)	
30 June 2016		30 June 2017 ⁴	
Cash	11	12	0–15
Fixed interest	19	17	0–35
Real estate ⁸	5	5	0–10
Equities	61	62	35–92
Commodities	–	–	–
Alternative assets	4	1	0–6
Infrastructure ⁷	–	3	0–10
Investment returns ^{6,7}			
	Accumulation account %	Income account %	
12 months	9.63	10.52	
3 years p.a.	5.76	6.38	
5 years p.a.	9.26	10.52	
10 years p.a.	4.14	4.67	



Aggressive

Suitable for long-term investors who want exposure to assets with potentially higher returns. Investors in the Aggressive option should also be prepared to accept fluctuations in the value of their investments over the short to medium term.

Objective

To achieve a return of CPI + 4.5% p.a. after fees and tax, measured over rolling 10-year periods.

Risk

Investors should be aware that a negative annual return is expected between four and six times in every 20 years.



Fees ²			
Management fees for 2016/2017			
Administration fee % ³	Investment fee %	Investment performance fee %	Total %
0.20	0.35	0.40	0.95
Asset allocations			
Actual asset allocations (%) year ended:		Ranges (%)	
30 June 2016		30 June 2017 ⁴	
Cash	1	2	0–15
Fixed interest ⁵	5	18	0–20
Real estate	7	6	0–20
Equities	65	52	20–80
Commodities	2	2	0–15
Alternative assets	7	6	0–25
Infrastructure	13	14	0–20
Investment returns ^{6,7}			
	Accumulation account %	Income account %	
12 months	15.22	16.53	
3 years p.a.	10.44	10.87	
5 years p.a.	12.85	14.02	
10 years p.a.	5.51	6.34	

¹ This option is managed externally through AMP Capital Investors Limited. Asset allocation ranges changed as at 21 November 2016 and are subject to change from time to time. Performance fees for this option are paid by AMP Capital Investors Limited to their multi-managers as part of their investment fee. More information is available in the AMP Responsible Investment Leaders Fund product disclosure statement, which is available from www.ampcapital.com.au. ² Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option. ³ Administration fees are capped for Accumulation and Income accounts. Please see our website at qsuper.qld.gov.au for more information. ⁴ This figure has been rounded for member reporting purposes. ⁵ In the Lifetime option and Ready Made options these assets provide diversification, a hedge against inflation and target yield enhancement. This asset class is also referred to as bonds. ⁶ Past performance is not a reliable indicator of future performance. ⁷ Return net of administration and investment fees and taxes. ⁸ Please note that there is a combined limit for real estate and infrastructure of 0–10%.

Your Choice

Cash

Suitable for short-term investors who want to protect the value of their investments. Investors in the Cash option should also be willing to accept very little short-term real growth.

Objective

To match the return of the Bloomberg AusBond Bank Bill Index¹ after fees and tax.

Risk

Investors should be aware that a negative annual return is expected less than 0.5 times in every 20 years.



Fees³

Management fees for 2016/2017

Administration fee % ⁴	Investment fee %	Investment performance fee %	Total %
0.20	0.06	0.00	0.26

Asset allocations

	Actual asset allocations (%)		Ranges year ended: (%)
	30 June 2016	30 June 2017	
Cash	100	100	100
Fixed interest	-	-	-
Real estate	-	-	-
Equities	-	-	-
Commodities	-	-	-
Alternative assets	-	-	-
Infrastructure	-	-	-

Investment returns^{6,7}

	Accumulation account %	Income account %
12 months	1.61	1.88
3 years p.a.	1.82	2.13
5 years p.a.	2.01	2.36
10 years p.a.	2.95	3.43

Diversified Bonds

Suitable for short to medium-term investors who want steady returns. Investors in the Diversified Bonds option should also be prepared to accept small to moderate fluctuations in the value of their investment in the short term.

Objective

To match the return of a 40% Australian and 60% International diversified bond index (hedged in AUD) after fees and tax.

Risk

Investors should be aware that a negative return is expected between 0.5 and once in every 20 years.



Fees³

Management fees for 2016/2017

Administration fee % ⁴	Investment fee %	Investment performance fee %	Total %
0.20	0.17	0.00	0.37

Asset allocations

	Actual asset allocations (%)		Ranges year ended: (%)
	30 June 2016	30 June 2017	
Cash	-	-	0-10
Fixed interest	100	100	90-100
Real estate	-	-	-
Equities	-	-	-
Commodities	-	-	-
Alternative assets	-	-	-
Infrastructure	-	-	-

Investment returns^{6,7}

	Accumulation account %	Income account %
12 months	0.99	1.12
3 years p.a.	3.76	4.33
5 years p.a.	4.70	5.45
10 years p.a.	6.32	6.73

International Shares

Suitable for long-term investors who want potentially higher returns over the long term. Investors in the International Shares option should also be prepared to accept fluctuations in the value of their investment over the short to medium term.

Objective

To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested Accumulation Index,² hedged after fees and tax.

Risk

Investors should be aware that a negative annual return is expected between four and six times in every 20 years.



Fees³

Management fees for 2016/2017

Administration fee % ⁴	Investment fee %	Investment performance fee %	Total %
0.20	0.11	0.00	0.31

Asset allocations

	Actual asset allocations (%)		Ranges year ended: (%)
	30 June 2016	30 June 2017 ⁵	
Cash	1	-	0-10
Fixed interest	-	-	-
Real estate	-	-	-
Equities	99	100	90-100
Commodities	-	-	-
Alternative assets	-	-	-
Infrastructure	-	-	-

Investment returns^{6,7}

	Accumulation account %	Income account %
12 months	22.96	24.72
3 years p.a.	9.42	9.30
5 years p.a.	14.32	15.50
10 years p.a.	4.95	5.88

¹ The Bloomberg AusBond Bank Bill Index is constructed as a benchmark to represent the performance of a passively managed short-term money market portfolio. It comprises a series of bank bills of equal face value, each with a maturity seven days apart. ² An index designed to measure the equity market performance of 22 developed market country indices. This index is a market capitalisation weighted index. ³ Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option. ⁴ Administration fees are capped for Accumulation and Income accounts. Please see our website at qsUPER.qld.gov.au for more information. ⁵ This figure has been rounded for member reporting purposes. ⁶ Past performance is not a reliable indicator of future performance. ⁷ Return net of administration and investment fees and taxes.



Australian Shares

Suitable for long-term investors who want exposure to assets with potentially higher returns over the long term. Investors in the Australian Shares option should also be prepared to accept fluctuations in the value of their investment over the short to medium term.

Objective

To match the return of the S&P/ASX 200 Accumulation Index¹ after fees and tax.

Risk

Investors should be aware that a negative annual return is expected greater than six times every 20 years.



Very high

Fees²

Management fees for 2016/2017

Administration fee % ³	Investment fee %	Investment performance fee %	Total %
0.20	0.08	0.00	0.28

Asset allocations

	Actual asset allocations (%) year ended:		Ranges (%)
	30 June 2016	30 June 2017	
Cash	0	0	0 – 10
Fixed interest	–	–	–
Real estate	–	–	–
Equities	100	100	90 – 100
Commodities	–	–	–
Alternative assets	–	–	–
Infrastructure	–	–	–

Investment returns^{4,5}

	Accumulation account %	Income account %
12 months	16.71	18.50
3 years p.a.	7.43	7.62
5 years p.a.	12.16	13.44
10 years p.a.	4.44	4.97

¹ The S&P/ASX 200 includes up to 200 of Australia's biggest large-cap, mid-cap and small-cap companies listed on the Australian Securities Exchange, selected on the basis of their market capitalisation and liquidity. ² Investment and performance fees are based on the actual fees for the year ended 30 June 2017 and may differ from future fees. There are also indirect costs, which have been included in the net returns for each investment option. ³ Administration fees are capped for Accumulation and Income accounts. Please see our website at qsuper.qld.gov.au for more information. ⁴ Past performance is not a reliable indicator of future performance. ⁵ Return net of administration and investment fees and taxes. ⁶ This figure has been rounded for member reporting purposes.

Defined Benefit accounts

About these accounts

QSuper's Defined Benefit accounts are calculated using a formula based on a member's years of service and salary, and may also depend on the level of contributions a member may choose to make.

Both members and employers make contributions. Employer contributions go into a pool of funds held by QTC on behalf of the Queensland Government and member contributions go into a pool held in the Fund. Money is drawn from the relevant pools to pay the benefits of all Defined Benefit accounts. The amount an employer is required to contribute is calculated based on an actuarial formula.

The QSuper Board, and the Queensland Government as the employer sponsor of the Fund, invest the member and employer contributions to make sure there are sufficient funds to pay all Defined Benefit account benefits as needed.

Details of the Defined Benefit investment strategy and objective are included below. As the calculation of a defined benefit is formula based, it's not directly affected by these returns.

QSuper has several defined benefit style accounts – Defined Benefit, State, Police and Parliamentary – all of which are closed to new members.

Investment objective

The investment objective for both the Queensland Government and QSuper defined benefit pools of funds is to ensure that there's sufficient funds to pay all members' defined benefit entitlements when needed.

The asset allocations and investment ranges (included in the table below) aim to meet this objective.

2016/2017 asset allocations

	Asset allocations (%) at 30 June 2016 ⁶	Asset allocations (%) at 30 June 2017 ⁶	Asset allocation ranges (%) from 30 June 2017
Cash	31.8	34.5	10 – 50
Global fixed interest	3.1	2.9	0 – 25
Global real estate	9.2	9.6	5 – 15
Global equities	21.3	19.8	10 – 30
Global private equity	7.1	6.9	0 – 10
Global diversified alternatives	19.5	18.6	5 – 25
Global infrastructure	7.9	7.7	5 – 15

The annual crediting rate for the member portion of a Defined Benefit member's benefit is set by the QSuper Board. This can be positive or negative and is included on each member's annual statement. This crediting rate doesn't affect a member's overall entitlements.

Self Invest option

QSuper's direct investment option Self Invest gives members the ability to buy and sell shares and ETFs online in real time or choose from a range of term deposits. Self Invest puts members in control of their investment strategy and provides access to up-to-date market research and data, including watch lists and charting, to help them make informed investment decisions. From 1 July 2017, this option won't be available to members with a Transition to Retirement Income account.

The QSuper Board and Committees

The QSuper Board is committed to giving members confidence in their retirement outcomes. To encourage this, the QSuper Board sets objectives for the Fund that are in line with its governing rules and superannuation legislation. The QSuper Board has also put in place mechanisms to regularly review performance and optimise outcomes.



Appointment of Trustees

Set up under the *Superannuation (State Public Sector) Act 1990 (QSuper Act)*, the QSuper Board is currently made up of nine individual trustees, including equal employer and member entity representation and one independent trustee. Four employer representatives are nominated by the Queensland Government, while the Queensland Police Union of Employees, Queensland Nurses & Midwives' Union, Queensland Teachers' Union and Together Queensland nominate the four member representatives.

The QSuper Act sets out the requirements for the appointment of trustees and they serve on the QSuper Board for a term of up to three years. After this initial period, they may be nominated for reappointment up to a maximum term of nine years. QSuper Trustees are also appointed as Directors of QSuper Limited and QInvest Limited.

Independent Trustee



Karl Morris

Chairman

Executive Chairman, Ord Minnett Ltd

- Bachelor of Commerce
- Fellow and Graduate of Australian Institute of Company Directors
- Senior Fellow and Senior Graduate of Financial Services Institute of Australasia
- Governor, University of Notre Dame Australia

Mr Morris was CEO and Managing Director of Ord Minnett Ltd from 2004 until his appointment as Executive Chairman in 2009. Mr Morris is also a member of the Federal Government's Financial Sector Advisory Council, Chairman and Master Member of the Stockbrokers Association of Australia, a Director of the Royal Automobile Club of Queensland (RACQ), a member of the J.P. Morgan Australian Advisory Council and Patron of Bravehearts Inc.

Mr Morris was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in December 2013, and was appointed Chairman of these Boards on 1 January 2014. Mr Morris is also a member of the Remuneration and Investment Committees.

Member Representative Trustees



Mick Barnes

Trustee

**General Secretary,
Queensland Police Union of
Employees**

- Master of Business Administration
- Harvard Trade Union Program
- Certificate IV Financial Services (Superannuation)
- Justice of the Peace (Qualified) Queensland
- Member, Australian Institute of Company Directors

Mr Barnes is General Secretary of the Queensland Police Union of Employees.

Mr Barnes is an experienced law enforcement officer, having served for more than 25 years with the Queensland Police Service. Mr Barnes was appointed to the QSuper and QSuper Limited Boards in June 2009, and to the QInvest Limited Board in December 2013. He is currently a member of the Audit & Risk, Remuneration, and Product, Services & Advice Committees.



Beth Mohle

Trustee

**Secretary, Queensland
Nurses and Midwives’
Union (QNMU)**

- Bachelor of Arts
- Certificate in General Nursing – Registered Nurse
- Postgraduate Certificate in Health Economics
- Certificate in Superannuation Management
- Certificate of Trusteeship (Superannuation)
- Fellow of the Australian Institute of Superannuation Trustees (FAIST)

Ms Mohle is Senior Vice President of the Queensland Council of Unions. Before starting work at the QNMU, Ms Mohle worked as a registered nurse at the Royal Brisbane Hospital.

Ms Mohle was previously a board member of HESTA, including a term as both Chair and Deputy Chair. In 2008, the Australian Institute of Superannuation Trustees named Ms Mohle Trustee of the Year.

Ms Mohle was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in December 2013, and is currently Chairman of the Remuneration Committee, and a member of the Investment Committee.



Jeff Backen

Trustee

**Assistant Secretary,
Queensland Teachers’
Union (QTU)**

- Diploma of Teaching
- Bachelor of Education
- Masters of Education
- Certificate of Trusteeship (Superannuation)
- Graduate, Australian Institute of Company Directors

Mr Backen has worked as a teacher, curriculum officer, education consultant and adviser for the Department of Education and Training and as a project officer and manager at the Queensland College of Teachers. He is currently an Assistant Secretary at the QTU having undertaken a number of roles there over a 20 year period.

Mr Backen has previously been a Director of Teachers Union Health fund (TUH), a Trustee of the QTU Staff Superannuation Fund and TUH Staff Superannuation Fund, and also was a deputy QSuper Trustee from 1998 to 2009.

Mr Backen was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in December 2013, and is currently a member of both the Audit & Risk and Remuneration Committees.



Ruth McFarlane

Trustee

**Senior Vice-President,
Together Queensland**

- Diploma of Management
- Certificate IV in Quality Management (General)
- Foundation Certificate in IT Service Management
- Certificate IV in Workplace Training

Ms McFarlane is a life member of Together Queensland and President of the Rockhampton Branch of the Queensland Council of Unions. She is also the Systems Implementation Training & Support Officer (Queensland Health) at Rockhampton Hospital.

In 2006, Ms McFarlane represented the Queensland Council of Unions on its delegation to China and in 2008 was voted the Australian Services Union Emma Miller Recipient in recognition of her ongoing commitment to the union movement.

Ms McFarlane was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in December 2013, and is currently a member of both the Remuneration and Product, Services & Advice Committees.

Employer Representative Trustees



Walter Ivessa

Trustee

Former Assistant Under Treasurer, Queensland Treasury

- Bachelor of Economics
- RG146 Superannuation

Mr Ivessa joined Queensland Treasury in 1981 and was an Assistant Under Treasurer until his retirement in December 2014. During his career as a senior executive with Queensland Treasury, Mr Ivessa's areas of responsibility included budget strategy and management, economic reform and regulation, government owned corporations and inter-governmental relations. Mr Ivessa is also a former member of the Public Trust Office Investment Board.

Mr Ivessa was appointed to the QSuper and QSuper Limited Boards in June 2009, and to the QInvest Limited Board in December 2013. He is currently Chairman of the Audit & Risk Committee, as well as a member of the Remuneration and Investment Committees.



Bede King

Trustee

Partner, Tobin King Lateef

- Solicitor of the Supreme Court of Queensland
- Associate, Financial Services Institute of Australasia
- Fellow, Australian College of Community Association Lawyers
- Member, Australian Institute of Company Directors

Mr King is currently a partner of Tobin King Lateef Solicitors and Notaries, and was admitted as a solicitor of the Supreme Court of Queensland in 1979. Mr King is a Director of Silver Chef Limited and FirstMac Limited. Mr King is Vice President of the Australian College of Community Association Lawyers (ACCAL) and an Associate of the Financial Services Institute of Australasia (FINSIA).

Mr King was appointed to the QSuper and QSuper Limited Boards in February 2013, and to the QInvest Limited Board in December 2013. He is currently Chairman of the Product, Services & Advice Committee and a member of the Remuneration Committee.



Terry Mackenroth

Trustee

Former Queensland Deputy Premier and Treasurer

Mr Mackenroth had a notable parliamentary career that spanned nearly 28 years and included him holding a number of ministerial roles including Deputy Premier and Treasurer. He was responsible for setting up the Office of Urban Management, and overseeing the South East Queensland Regional Plan and the South East Queensland Infrastructure Plan. Mr Mackenroth retired from politics in 2005 and was subsequently appointed as a director of Devine Ltd until his resignation in late 2015.

Mr Mackenroth has also previously served as Chairman of Lenard's Pty Ltd, Gold Coast Events Company and the Cyclone Larry Appeal Committee. He is a current Director at the Queensland Rugby League and has previously served on the Board of the Australian Rugby League.

Mr Mackenroth was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in April 2016. He is currently a member of the Remuneration, and Product, Services & Advice Committees.



Steve Christie

Trustee

Financial Services Professional

- Certified financial planner
- PhD in Applied Finance
- Master of Applied Finance
- Master of Laws
- Bachelor of Laws (Honours)
- Bachelor of Commerce
- Member, Australian Institute of Company Directors

Dr Christie is currently a Director and Principal of ACD Financial, where he is a financial and investment adviser. He is an experienced financial services professional who has worked in the investment and finance industry since 1995 and previous to that as a banking, finance and taxation lawyer.

Dr Christie has held a number of senior positions including Head of Private Wealth Management at Ord Minnett, as well as Head of Asset Allocation and Senior Portfolio Manager at Goldman Sachs JBWere Private. He was previously a Director and Member of the Investment Committee of the Australian Catholic Superannuation & Retirement Fund, and sits on the Investment Committees of the Catholic Archdiocese of Sydney and Providence Wealth Advisory Group.

Dr Christie was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in December 2014. He is currently Chairman of the Investment Committee and a member of the Remuneration Committee.

Board responsibilities

The QSuper Board meets regularly to discuss a range of topics such as the management and strategic direction of the Fund, investment strategy and performance, products on offer and service delivery.

The QSuper Board is committed to meeting its legislative and regulatory obligations, and making sure it fulfils its legal and ethical responsibilities as trustee of the Fund. It also has a clearly defined and transparent framework for the governance of its managerial and operational responsibilities, in line with industry standards and regulatory responsibilities.

Board remuneration and indemnification

The Queensland Treasurer, in consultation with the QSuper Board, approved the QSuper Board remuneration rates for the 2016/2017 financial year. This remuneration was made up of an all-inclusive fee for all QSuper Board-related activities, including committee memberships and QSuper Limited and QInvest Limited Directorships. The annual fee is independent of the Fund membership numbers, funds under management or the investment performance of the Fund. QSuper Board members who are also active public sector employees aren't remunerated for performing their trustee duties.

The QSuper Act includes indemnification of the QSuper Board, which is also covered by indemnity insurance taken out by the QSuper Board.

Board meeting attendance 2016/2017 financial year

Name	Attended	Held
Karl Morris	10	10
Bede King	10	10
Beth Mohle	9	10
Jeff Backen	10	10
Mick Barnes	9	10
Ruth McFarlane	10	10
Walter Ivessa	9	10
Steve Christie	9	10
Terry Mackenroth	9	10

QSuper Board Committees

The QSuper Board has set up a number of committees to help make sure it meets its corporate governance responsibilities. These committees make recommendations to the QSuper Board, which is ultimately responsible for decision making. A charter guides each committee, its structure, responsibilities and the way it works. While committees have specific membership, all Trustees are able to attend committee meetings. The QSuper Board has also appointed a number of specialist committee members to its Investment, Audit & Risk and Product, Services & Advice Committees.

The QSuper Board used the following committees in 2016/2017:



Audit & Risk Committee at 30 June 2017

Members

- ▲ Mr Walter Ivessa (Chairman) ▲ Mr Jonathan Dooley
- ▲ Mr Jeff Backen ▲ Ms Kathryn Foster
- ▲ Mr Mick Barnes ▲ Ms Leanne Muller

The Audit & Risk Committee helps the QSuper Board meet its corporate governance and administrative responsibilities in relation to:

- financial reporting
- internal controls
- risk management systems
- anti-money laundering
- licensing and other legal and regulatory issues
- investment administration
- compliance
- internal and external audit functions.

Ms Leanne Muller, Ms Kathryn Foster and Mr Jonathan Dooley are external committee members, selected for their specialist knowledge of superannuation, finance and risk management matters.



Remuneration Committee at 30 June 2017

All QSuper Board members are members of the Remuneration Committee, which is responsible for ensuring that the QSuper Board and its related entities have an open and appropriate remuneration framework that fairly and responsibly rewards individuals for their overall performance.



Investment Committee at 30 June 2017

Members

- ▲ Dr Steve Christie (Chairman) ▲ Mr Walter Ivessa
- ▲ Ms Lorraine Berends ▲ Ms Beth Mohle
- ▲ Mr Chris Condon ▲ Mr Karl Morris
- ▲ Prof Michael E. Drew

The Investment Committee helps the QSuper Board carry out its investment management role for the Fund and is responsible for:

- recommending to the QSuper Board the investment objectives for the Fund and its various QSuper investment options
- recommending to the QSuper Board the investment policy for the Fund
- reviewing the adequacy of QSuper investment options and their ability to meet member retirement needs
- recommending the investment delegations for QSuper Group management
- monitoring investment performance, including the performance of external investment managers
- discussing investment issues with the QSuper Board and/or Management (and independent parties, if and when the need arises).

Ms Lorraine Berends, Mr Chris Condon and Professor Michael E. Drew are external committee members chosen for their specialist knowledge of superannuation and investment matters.



Product, Services & Advice Committee at 30 June 2017

Members

- ▲ Mr Bede King (Chairman) ▲ Ms Ruth McFarlane
- ▲ Mr Mick Barnes ▲ Ms Cathy McGuane
- ▲ Mr Terry Mackenroth

The Product, Services & Advice Committee's role includes overseeing:

- the QSuper Board's strategic focus on marketing initiatives across the QSuper Group including the development and implementation of a comprehensive QSuper Group marketing strategy
- development and continued enhancement of the suite of products and services across the QSuper Group
- members' experience (including service, advice, information and product) with the QSuper Group in order to meet the diversity of QSuper member and employer needs
- education and advice activities provided by the QSuper Group to both QSuper members and QInvest clients.

Ms Cathy McGuane is an external committee member selected for her specialist knowledge of superannuation and marketing matters.

Specialist committee members at 30 June 2017



Jonathan Dooley

Audit & Risk Committee
Member

Director at Vincents

- Chartered Accountant Australia & New Zealand
- Bachelor Business (Accountancy)
- Fellow, Australian Institute of Company Directors

Mr Dooley co-founded Vincents in 1991 having previously worked at KPMG. Mr Dooley has over 25 years' experience in the field of forensic accounting and is considered a pioneer in the field. Mr Dooley is currently a Director and Member of the Executive of Vincents, having previously acted as the firm's joint Managing Director from 1991 to 2006 and Managing Director from 2006 to 2011.

Mr Dooley is also Chairman of the Ord Minnett Management Limited Compliance Committee, Approved Examiner for QCAT, Member of the Audit, Risk and Finance Committee of Queensland Cricket, Chairman of the State Regional Council and Member of the National Audit and Risk committee of Redkite Inc.

Mr Dooley was appointed a member of the Audit & Risk Committee in April 2016.



Ms Kathryn Foster

Audit & Risk Committee
Member

IT Professional and non-Executive Director

- Bachelor of Science – Business Administration & International Marketing
- Member, Australian Institute of Company Directors
- Microsoft Certified Solutions Developer, Expert, and Trainer
- Citrix CSC and CCT

Ms Foster has over 20 years' experience creating and running large internet based businesses. Prior to becoming a professional director, Ms Foster was a Senior Executive with Microsoft in the United States where she managed the sales and merchandising team for Microsoft Store online and helped set the business strategy and drove the technical execution in relation to Microsoft's Xbox business. She was also previously Senior Manager of eCommerce Platform Services at Amazon in addition to founding and operating her own start-up company.

Ms Foster is a Director of Class Limited, a company that develops cloud software solutions for the Australian wealth accounting market and has an independent financial planning joint venture with Quill Group. She was also previously a Director of iWebGate Pty Limited.

Ms Foster was appointed a member of the Audit & Risk Committee in April 2017.



Leanne Muller

Audit & Risk Committee
Member

Financial Services Professional and non-Executive Director

- Bachelor of Commerce
- Member, Institute of Chartered Accountants of Australia
- Graduate, Australian Institute of Company Directors

Ms Leanne Muller holds Board and Committee positions with the following organisations:

- Guide Dogs Queensland, Vice President and Chairman of Audit, Risk & Compliance Committee
- Qlnsure Limited, Chairman of Audit Committee and Member of Risk & Compliance Committee
- Data #3 Limited, Chairman of Audit & Risk Committee
- Local Government Infra-structure Services Pty Limited
- Local Buy Pty Ltd ATF The Local Buy Trading Trust.

Ms Muller is a Chartered Accountant and until December 2014 was employed as Group Chief Financial Officer for RACQ. Before joining RACQ in January 2008, she was a member of the senior executive, holding CFO (or equivalent) roles at Energex Limited and Uniting Care Queensland. Ms Muller has also worked for PricewaterhouseCoopers and with the Australian Securities Commission.

Ms Muller was appointed a member of the Audit & Risk Committee in May 2015.



Lorraine Berends

Investment Committee
Member

Financial Services Professional

- Bachelor of Science
- Fellow, Institute of Actuaries of Australia
- Fellow, Association of Superannuation Funds of Australia
- Member, Australian Institute of Company Directors

Ms Berends has worked for more than 30 years in the pension and investment industries, and possesses extensive experience in both the investment management and superannuation fields. Ms Berends serves on the BT Financial Group Superannuation Board and the Boards of the MDC Foundation Limited, Antipodes Global Investment Company Limited and Plato Income Maximiser Limited.

She served on the Board of the Association of Superannuation Funds of Australia (ASFA) for 12 years and the Board of the Investment Management Consultants Association (IMCA Australia) for 13 years, and has been awarded Life Membership of both associations.

Ms Berends was appointed a member of the Investment Committee in March 2010.

Specialist committee members at 30 June 2017



Chris Condon

Investment Committee
Member

Principal, Chris Condon Financial Services

- Bachelor of Commerce
- Fellow, Actuaries Institute

Mr Condon established his consulting firm in March 2010 to help institutional investors develop, implement and manage their investment programs. Prior to this, Mr Condon was Chief Investment Officer of MLC and in this capacity he led a substantial investment team charged with managing MLC's \$60 billion in funds under management. He has also been the Director of Consulting in Australia for Russell Investments, as well as a founding member of Tower Perrin's asset consulting business (now Willis Towers Watson).

Mr Condon is a Fellow of the Actuaries Institute and holds a First Class Honours degree in Finance from the University of NSW.

Mr Condon was appointed a member of the Investment Committee in April 2016.



Professor Michael E. Drew

Investment Committee
Member

Chief Investment Officer, The Myer Family Company

- PhD in the field of Economics
- Master of Economic Studies
- Bachelor of Economics
- Graduate Certificate in Higher Education
- Fellow, Australian Institute of Company Directors
- Fellow, Australian Institute of Management
- Fellow, Governance Institute of Australia
- Fellow, Institute of Chartered Secretaries and Administrators
- Senior Fellow, Financial Services Institute of Australasia
- Accredited Investment Fiduciary Analyst®

Professor Michael E. Drew is Chief Investment Officer at The Myer Family Company and Professor of Finance at Griffith University. Professor Drew has held Senior Executive and Committee appointments with the Queensland Investment Corporation, Wilson HTM, Ord Minnett and JB Were & Son.

Professor Drew has written and lectured extensively on Australia's superannuation system, defined-contribution (DC) pension plans and retirement security. He is a trusted adviser to family and fiduciary clients in matters relating to asset allocation, portfolio construction and investment governance.

Professor Drew was appointed a member of the Investment Committee in April 2016.



Cathy McGuane

Product, Services & Advice Committee
Member

Executive Manager, Member Experience, TUH

- Graduate, Australian Institute of Company Directors
- Diploma in Financial Services (Financial Planning)
- Certificate Superannuation Management

Ms McGuane is currently the Executive Manager of Member Experience for TUH with primary responsibility for leading and managing the marketing, business development, claims, customer contact and member maintenance functions of the organisation. Before joining TUH, Ms McGuane was the Client Relationship Manager for Queensland for HESTA Superannuation Fund.

Ms McGuane is also the author of the Financial Fitness for Kids guides, which focus on helping parents teach their children about money.

Ms McGuane was appointed a member of the Product, Services & Advice Committee in April 2014.

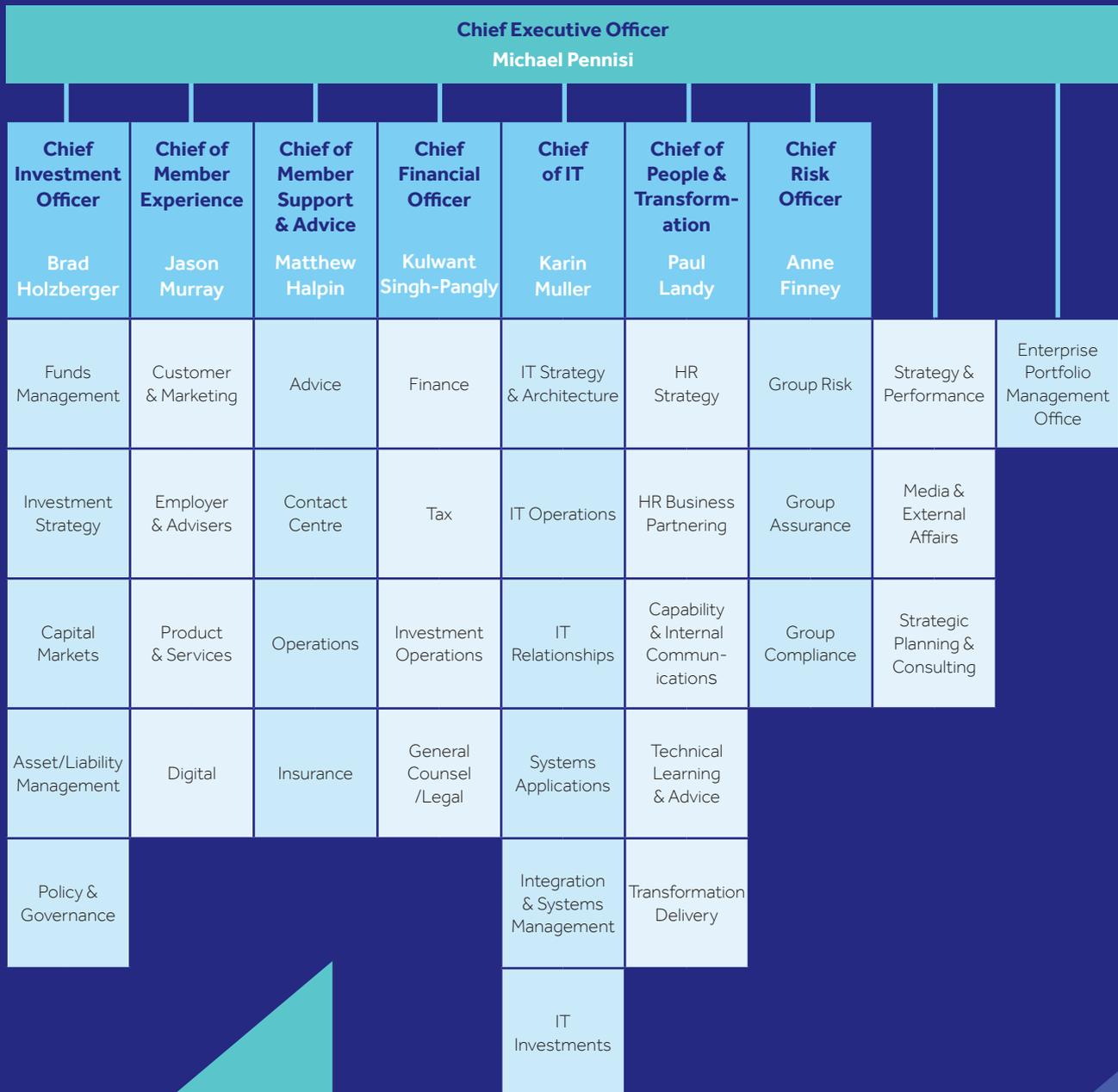
Our people

At the QSuper Group, we embrace workforce diversity and flexible work arrangements to draw out the peak performance from our staff. We recognise the value that comes from leveraging a wide range of individual skills, capabilities and experience to inform decision making that's always focused on achieving the best possible outcomes for our members.

Headed by Chief Executive Officer Michael Pennisi, the QSuper Executive Committee has eight executives with a broad range of industry experience across both the public and private sectors. Together they combine the necessary innovation, experience and strategic thinking to lead QSuper into the future.

QSuper Group organisational chart

Current at 2 May 2017



Corporate governance

The QSuper Board works hard to achieve the objective of the best possible retirement outcomes for our members, in line with superannuation rules and legislation. For this objective, the QSuper Board sets guidelines on how the Fund is operated and managed, and regularly reviews performance.

Risk management

The QSuper Board takes its risk management responsibilities seriously. That's why it's committed to regularly reviewing and improving the Fund's risk management framework.

As part of this, the QSuper Board holds an annual risk workshop so it can consider the potential impact of current and new risks on our strategic objectives. The QSuper Board continually monitors QSuper's risk profile, and assesses new risks or changes to risks as required.

Internal and external audit

Our internal audit work is an important part of our corporate governance, and it supports effective and efficient management, and helps to better manage risk.

The Auditor-General of Queensland is the external auditor of the Fund and Deloitte is the external auditor of QSuper Limited.

Our external auditors rely on various parts of the audit work performed by the internal auditor, as well as reviewing the internal audit and compliance programs. Recommendations are made to Management, the Audit & Risk Committee and the QSuper Board to consider and action when required.

Compliance

The QSuper Group's Compliance Framework has been developed to make sure the QSuper Group understands its compliance obligations, and has adequate controls in place to meet its obligations and best manage issues.

Governance

QSuper's governance framework includes the policies and delegations utilised within the QSuper Group by management, staff and other stakeholders to ensure the Fund acts in good faith, with foresight, and in the best interests of members and their beneficiaries.

Managing our members' super

QSuper's investment arrangements

QSuper Board's approach to investing

The QSuper Board's key objective is to help our members achieve their retirement goals. To do this, the QSuper Board has a number of investment options, each with its own return objective and investment strategy. These are underpinned by QSuper's core investment principles, which aim to reduce volatility and deliver consistent returns so we can deliver better retirement outcomes for our members.

Who invests your money?

The QSuper Board has built up a strong in-house investments capability since 2009. As part of this function, QSuper Limited and QSuper Asset Management Pty Ltd have been appointed as some of our investment managers. We regularly review our investment managers to make sure they best fit our overall investment principles. Managers change from time to time.

Manager arrangements

Asset sector	Manager
Cash	QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited State Street Global Advisors, Australia Ltd
Global fixed interest	Goldman Sachs Asset Management Australia Pty Ltd QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited Wellington Management Australia Pty Ltd
Listed equities	
Australia	DFA Australia Ltd State Street Global Advisors, Australia Ltd Vanguard Investments Australia Limited
International	DFA Australia Ltd State Street Global Advisors, Australia Ltd
Unlisted assets	
Real estate	AEW Europe LLP CIM Investment Advisors, LLC Invesco Advisors Inc Jamestown Premier GP, LP QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited
Infrastructure	Alinda Capital Partners Global Infrastructure Management LLC QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited
Private equity	Northwater Capital Management Inc Partners Group QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited
Alternatives	AQR Capital Management LLC Bridgewater Associates, LP First Quadrant, LP Global Endowment Management, LP Graham Capital Management, LP Hancock Natural Resource Group Australasia Pty Limited Makena Capital Management LLC Principal Global Investors (Australia) Limited QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited
Other	AMP Capital Investors Limited State Street Bank and Trust Company

Allocation of investment returns

QSuper's Accumulation and Income accounts are all utilised (with the exception of the Self Invest investment option).¹ This means these accounts are expressed as a number of units, so the value of each member's superannuation benefit is determined by the number of units they hold and the daily price of each investment option.

Each investment option (with the exception of Self Invest) has a unit price that is set daily, and has already had fees and taxes taken out. These unit prices change daily to reflect investment returns, and positive and negative changes in market value.

The unit prices we report show the value of the Fund's assets at the close of business two Queensland business days earlier. This gives us time to collate data from international markets, and reflect it in our Fund valuations.

The QSuper Board can suspend unit prices if it needs further validation of a unit price. If the QSuper Board needs to do this, we tell our members about it on the QSuper website.

Single assets valued above 5% of total funds under management

At 30 June 2017, the Fund had an investment in the QS High Duration Bonds Trust which represented 7.42% of the total assets of the Fund and an investment in the QIC Property Fund which represented 5.26% of the total assets of the Fund. The investments within these entities are diversified, with no single underlying asset valued at more than 5% of the Fund's total assets.

Monitoring QSuper's investment option asset ranges

We have prescribed asset allocations ranges for our investment options. We therefore monitor these options daily to ensure any variations from the prescribed asset allocation are addressed in a timely manner. The exception is Self Invest, which sets investment limits that members are required to adhere to.

Monitoring QSuper's external investment management agreements

QSuper Limited monitors the compliance of external managers against specific Investment Management Agreements. Any breaches are raised with the investment manager for speedy resolution and reported in accordance with existing Board policies and the QSuper Group's Incident Reporting Process.

¹ Please refer to the *Investment Choice Guide* for more information.

Our investment policies

Derivatives policy

The QSuper Board uses derivative instruments as part of its overall investment strategy. Derivatives allow investors to have exposure to a particular asset without actually owning the physical asset. The value of a derivative is sourced from other assets or indices (known as the underlying asset).

Derivative transactions are financial contracts and include a wide range of investments, including forward foreign exchange contracts, futures, options, swaps and other mixtures of these instruments.

The QSuper Board has policies and controls in place to make sure derivatives are used appropriately, in line with QSuper's overall investment strategy. Through its investment managers the QSuper Board authorises the use of derivatives to manage exposures to specific investment markets and fluctuations in underlying market, currency, or asset-specific values.

Derivatives charge ratio

The derivatives charge ratio is the percentage of total market value of the assets of QSuper (other than cash) that the QSuper Board has charged as security for derivative instruments made by the QSuper Board.

The derivatives charge ratio didn't exceed 5% of QSuper's assets at any time during the 2016/2017 financial year.

In-house asset policy

The *Superannuation Industry (Supervision) Act 1993* details the 'in-house' asset rules that are designed to make sure investments set aside to provide for members' retirement incomes aren't dependent on the success of the business activities of an employer, or other related party.

These in-house assets can't exceed 5% of total assets. During the 2016/2017 financial year, QSuper didn't have more than 5% 'in-house' assets at any time.

Our reserves

General Reserve

The primary purpose of the General Reserve is to ensure there is sufficient funds to meet our current and future liabilities for administration costs, strategic initiatives and operational risk.

The General Reserve operates under a policy approved by the QSuper Board. The QSuper Board also sets and annually reviews the investment strategy for the Reserve. When setting the strategy, the QSuper Board considers the purpose of the Reserve, the nature of underlying liabilities and investment risk.

At 30 June 2017, the Investment Strategy for the General Reserve is to invest 40% in the Balanced investment option, and 60% in the Moderate investment option.

General Reserve	\$m
30 June 2017	894
30 June 2016	620
30 June 2015	624
30 June 2014	565
30 June 2013	308

Insurance Reserve

The QSuper Board stopped self-insuring its members from 1 July 2016, however there remains a liability for projected future claims that existed under the self-insurance arrangement. The Insurance Reserve holds insurance premiums deducted from members' Accumulation accounts so the QSuper Board can meet its ongoing self-insurance obligations.

An actuarial review of the self-insurance arrangements is completed annually to make sure the reserve can meet expected liabilities.

The Insurance Reserve operates under a policy that the QSuper Board approves, and the QSuper Group management monitors and reviews the investment reserve monthly.

The Insurance Reserve is currently invested in the Cash investment option.

Insurance Reserve ¹	\$m
30 June 2017	298
30 June 2016	500
30 June 2015	366
30 June 2014	247
30 June 2013	209

Unallocated Contributions Reserve

The QSuper Board has an Unallocated Contributions Reserve to bear the risk of any movement in investment earnings during the contributions allocation process. The Unallocated Contributions Reserve is currently invested in the Balanced investment option.

Unallocated Contributions Reserve	\$m
30 June 2017	16
30 June 2016	16
30 June 2015	13
30 June 2014	9
30 June 2013	5

Operational Risk Financial Requirement Reserve

The purpose of the Operational Risk Financial Requirement (ORFR) Reserve is to make sure there are sufficient funds to cover the cost of the member component of operational risk events if these ever arose.

The ORFR Reserve operates under a policy approved by the QSuper Board. The QSuper Board also sets and annually reviews the investment strategy for the ORFR Reserve. The ORFR Reserve is currently invested in the Balanced investment option.

Operational Risk Financial Requirement Reserve	\$m
30 June 2017	181
30 June 2016	163

VPP (closed) investment option

The QSuper Board provides members of the closed Voluntary Preservation Plan (VPP) with a capital guarantee that the earning rate for a full financial year will not be negative. In return for this capital guarantee, a premium of 0.35% p.a. is levied on the VPP (closed) investment option member accounts on 30 June each year. This option is invested in the Moderate investment option.

The VPP crediting rate for the 2016/2017 financial year was applied to the VPP (closed) investment option member accounts before the capital guarantee was debited. The VPP crediting rate for the 2016/2017 financial year was 5.21%.

¹ These amounts include the assets backing the self-insurance tail claims of the QSuper Scheme reported separately on the Statement of financial position in Part B – Financial Statements.

Important information

More information

You can download this annual report from our website. Just head to qsuper.qld.gov.au/annualreport or call us on **1300 360 750** and we'll send you a copy.

QSuper's privacy policy

QSuper's privacy policy is available on our website at qsuper.qld.gov.au or call us and we'll send you a copy.

Enquiries and complaints

We have procedures in place to ensure all enquiries and complaints are dealt with fairly and promptly.

If you have a complaint about QSuper, please call us on **1300 360 750** (or +617 3239 1004 if calling from overseas).

Or you can write to the Enquiries and Complaints Officer, QSuper, GPO Box 200, Brisbane QLD 4001 and mark your letter 'notice of enquiry or complaint'.

If the matter isn't resolved within 90 days, or if you're not satisfied with our response, you can take the matter to the Superannuation Complaints Tribunal (SCT) – an independent body that was set up to resolve disputes between superannuation funds and their members and/or potential beneficiaries.

Keep in mind that the SCT isn't able to look after all superannuation-related complaints. If you want to find out if they can deal with your complaint, you can contact them on 1300 884 114 or visit their website at sct.gov.au

Major service providers

To help manage the Fund, we use a number of service providers.

QSuper Limited – ABN 50 125 248 286, AFSL 334546
Central Plaza Three, 70 Eagle Street, Brisbane QLD 4000

QInvest Limited – ABN 35 063 511 580, AFSL 238274
Central Plaza Three, 70 Eagle Street, Brisbane QLD 4000

One QSuper Pty Ltd – ABN 90 601 938 774
Central Plaza Three, 70 Eagle Street, Brisbane QLD 4000

QSuper Asset Management Pty Ltd – ABN 67 608 694 471
Central Plaza Three, 70 Eagle Street, Brisbane QLD 4000

Investment Services

The following investment managers may provide investment services under investment management agreements to the QSuper Board as trustee for the Fund:

- QSuper Limited – ABN 50 125 248 286
- QIC Limited – ABN 95 942 373 762
- State Street Global Advisors Australia Limited – ABN 42 003 914 225
- DFA Australia Limited – ABN 46 065 937 671
- State Street Bank and Trust Company – ABN 70 062 819 630
- Invesco Advisers Inc.
- Vanguard Investments Australia Ltd – ABN 72 072 881 086
- Principal Global Investors (Australia) Limited – ABN 45 102 488 068
- Hancock Natural Resource Group Australasia Pty Limited – ABN 82 087 766 587
- Hancock Natural Resources Group Inc
- AEW Europe LLP and AEW Europe SA
- AMP Capital Investors Limited – ABN 59 001 777 591
- GIM Advisory Services LLC
- Graham Capital Management, L.P
- Wellington Management Australia Pty Ltd – ABN 19 167 091 090
- Citigroup Global Markets Australia Pty Ltd – ABN 64 003 114 832
- QSuper Asset Management Pty Ltd – ABN 67 608 694 471

Administrative Services

- SuperChoice Services Pty Limited – ABN 78 109 509 739
- Dimension Data Australia Pty Limited – ABN 65 003 371 239

Internal Audit Services

- PricewaterhouseCoopers (PwC) – ABN 52 780 433 757

External Audit Services

- Deloitte - ABN 74 490 121 060
- Queensland Audit Office

Custodian

QSuper's custodian is responsible for holding and safeguarding financial assets on behalf of QSuper under a custodial agreement. The custodian is also responsible for keeping records in relation to our assets, thereby separating the fund managers from the physical securities.

- State Street Australia Ltd – ABN 21 002 965 200
Level 14, 420 George Street
Sydney NSW 2000

Fund changes for 2016/2017

During the 2016/2017 financial year we made a number of changes within the Fund.

Members were notified about these changes, and you can find more information about each of these changes at qsuper.qld.gov.au/about/disclosure



Changes to insurance

We made a number of changes to our Accumulation account insurance during the year. These changes took effect on 1 July 2016 and include:

- Splitting death and TPD cover into separate units so eligible members can hold different levels of cover.
- Changing the rules around eligibility conditions for cover, eligibility for payment of a benefit and income protection benefit periods.
- Introducing new premium rates and a new occupational ratings premium system.
- Changing insurance arrangements when a member's employment situation changes.
- Introducing a range of new features, including options to personalise insurance cover to meet members' needs, and the ability to transfer insurance cover from another policy.
- Updating some of the key definitions that relate to insurance cover.
- Introducing new default arrangements for new members from 1 July.



Changes to the QSuper Deed

In the 2016/2017 financial year, the *Superannuation (State Public Sector) Deed 1990 (QSuper Deed)* was amended to allow Queensland Government employees to exercise choice of fund and to allow QSuper to operate as an open fund.

It was also changed to allow members to access their total and permanent disability benefit without having ceased employment.



Changes to asset allocation ranges

The asset allocation ranges for the Socially Responsible investment option changed effective 21 November 2016.



Member Centres

70 Eagle Street Brisbane
63 George Street Brisbane



Ph 1300 360 750

(+617 3239 1004 if overseas)

Fax 1300 241 602

(+617 3239 1111 if overseas)

Monday to Thursday – 8.30am to 5.00pm

Friday – 9.00am to 5.00pm



QSuper

GPO Box 200
Brisbane QLD 4001



qsuper.qld.gov.au