2018 Annual Report

Issued: October 2018

QSuper

When QSuper wins, our members win

Important information

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).

The 2018 Annual Report forms part of your annual statement and must be read in conjunction with your 2018 Member Benefit Statement which consists of Your 2018 Super Statement and Your 2018 Super Notes.

When we say 'we', 'us', 'our', 'QSuper', or the 'QSuper Group' we are referring to the QSuper Board, and the entities (which are ultimately owned by the QSuper Board as trustee for QSuper) consisting of QSuper Limited (ABN 50 125 248 286), QInvest Limited (ABN 35 063 511 580), One QSuper Pty Limited (ABN 90 601 938 774), QInsure Limited (ABN 79 607 345 853), and QSuper Asset Management Pty Ltd (ABN 67 608 694 471), unless the context we are using it in suggests otherwise.

This is general information only so keep in mind that it does not 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 (PDS) before making a decision. You can download the PDS from qsuper.qld.gov.au or call us on 1300 360 750 to request a copy. © QSuper Board 2018.

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 chantwest.com.au

SuperRatings

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

Conexus

Awarded Pension Fund at the 2018 Conexus Financial Superannuation Awards. The awards are determined using proprietary methodologies. Awards were issued on 8 March 2018 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. Ratings awards or investment returns are only one factor to consider when investing your super. past performance is not a reliable indicator of future performance.

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About QSuper

For over 100 years, QSuper has looked after the people who look after Queensland. Today we are responsible for administering more than $102 billion[1] in retirement savings for over 577,000 members, making us one of the largest superannuation funds in Australia.

We strive to help each of our members make the most of today, while planning to achieve their retirement goals. We do this through our financial education, personal service, unique investment philosophy, and award-winning products.

The QSuper Group has a broad range of products and services including a superannuation fund, financial advice business QInvest, and life insurance company QInsure.

1 Net assets available for member benefits includes employer-sponsor receivables for defined benefit members held by the Queensland Treasury, in addition to the $80 billion in retirement savings managed by QSuper.

The Chairman's report

Karl Morris

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

It was just 12 months ago that QSuper embarked on one of the most significant changes in our more than 100 year history – opening up QSuper's membership to everyone. Since July 2017, we have welcomed thousands of new members and I am pleased to say we have continued to put each and every member at the heart of everything we do.

Wider industry changes

QSuper is keeping a watching brief on the many industry reviews underway. We have had input into the Productivity Commission in developing its report on improving the competitiveness and efficiency of the superannuation industry – in particular, for our expertise and depth of knowledge of modern lifecycle products, delivered to our members through QSuper Lifetime.

The QSuper Board also recently announced our intention to adopt the Insurance in Superannuation Working Group Voluntary Code of Practice, which is the industry's commitment to high standards when providing insurance to members of superannuation funds. Transparency, accountability and consistency are critical for members' confidence and QSuper will adopt the code, where it is in the best interests of our members.

Leading the industry for our members

QSuper has again reduced the administration fees our members pay with more information provided in the CEO's report. Once again QSuper has been recognised through a number of industry awards this year. QSuper has been named 2018 Conexus Financial Awards Pension Fund of the Year, as well as SuperRatings' Choice Super of the Year 2018. Winning these awards is recognition for our members that your super is being well managed.

Vale the Honourable Terry Mackenroth

Sadly, Terry Mackenroth, a highly-respected Trustee, passed away earlier this year. Terry joined the QSuper Board in 2016, bringing a deep understanding of the Queensland people after decades of public and community service. This, coupled with an astute knowledge of both Government and corporate environments, made him an insightful and valued Trustee, and he was a fierce advocate for the interests of our members. The valuable contribution Terry made will be greatly missed.

A word of thanks

Achieving outcomes for our members is not the job of just one, but many. On behalf of the QSuper Board I extend my thanks to the executive team, and the entire QSuper staff who work diligently for the benefit of our members. The QSuper team should be proud of their efforts.

On behalf of the QSuper Board I would also like to express our sincere thanks to Mick Barnes who served for nine years as a QSuper Trustee. Mick has been a Board member through a period of significant change and growth for the Fund, and he has made a significant contribution during his tenure on the Board and various committees he served on. With the loss of Terry and Mick's departure, we have also welcomed some new faces to the Board – Mary-Anne Curtis and Shayne Maxwell.

The QSuper Board and I are looking forward to continuing to look after your retirement savings.

Karl Morris

The CEO's report

Michael Pennisi

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

For over 100 years, QSuper has been looking after the people who look after Queensland. Over the past 12 months we have continued to deliver financial education and advice, personal service, solid returns, and award-winning products to you, our members. The positive response from our members and the general public to QSuper becoming an open fund has been beyond our expectations. We are humbled that so many new members from across Queensland and Australia are choosing to entrust us with their retirement savings, and the fact that so many family and friends of QSuper members have joined, is very pleasing.

Driving value for our members

In our view, QSuper belongs to our members and we are constantly looking at new ways to improve the award-winning products and services we offer, and channelling investment into the services members value most.

To ensure more of our members' money can go towards their retirement, we work hard to keep our fees low. We reduced our administration fee by 10% in September 2017 and from 1 July 2018, we cut it by over 10% to 0.16% per annum. The maximum administration fee our members' pay has also been reduced further, to $900 – a reduction in our administration fee of over 25% in the last four years.

We have also invested significantly in our Contact Centre, including recruiting new member service officers, and enhancing our training programs and technology. Together, these have cut call wait times and significantly increased the number of members who receive general advice over the phone – a great result.

Our members can feel better about their super today, knowing we strive to keep fees low and deliver strong returns with smoother ups and downs along the way. QSuper's unique investment strategy has seen us ranked number one by members during 2018 for satisfaction with the financial performance of their super, across Australia's 15 largest superannuation funds.[1]

Improving the financial wellbeing of Queenslanders

As Queensland's oldest and largest super fund, we are passionate about improving the financial wellbeing of all Queenslanders.

In recent years, we have worked to improve retirement outcomes for our members by removing barriers that may hinder their access to us and their superannuation. Often it is Aboriginal and Torres Strait Islander peoples living in remote areas of our State who experience these obstacles. This year we launched our Reconciliation Action Plan to build on the work already done, and to continue our reconciliation journey.

Another highlight this year was our involvement as Official Supporter of the Queen's Baton Relay, ahead of the 2018 Commonwealth Games. It allowed us to engage with thousands of our members – testing the financial pulse of Queenslanders with the launch of our Wealth iQ tool.

Solid returns in 2018

I am pleased to report QSuper has delivered solid returns in 2018.[2] In fact, our Balanced option is one of the top 10 funds in the country over 10 years as reported by Chant West.[3] In terms of one year performance, our Balanced option again exceeded its investment return objective for the 2018 financial year – the ninth consecutive year we have achieved this.[2,5]

I, and the whole QSuper team are looking forward to the next 12 months which will be one of progress, innovation and advocacy for our members as we continue to work toward the financial wellbeing of all Queenslanders.

Michael Pennisi

1 Roy Morgan, 18 June 2018, Finding No. 7629, accessed 18 June 2018 at roymorgan.com/findings/7629-industry-funds-satisfy-top-investors-201806180201

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

3 Source: Chant West media release 'Super funds have that positive feeling yet again', 19 July 2018.

4 SuperRatings SR50 (60-76% Growth) Index. Returns data to 30/06/2018.

5 QSuper's investment objective is to achieve CPI plus 3.5% p.a.in the Balanced option.

Highlights for 2017-18

577,000+ QSuper members

#1 in member satisfaction for financial performance[1]

$102 billion in funds under administration[2]

16,709 personal advice appointments

8,308 members attended a member seminar

400,658 calls received by the Contact Centre

3.5 million log ins to Member Online

68,000+ employers registered to contribute

9,167 calls to the Employer Solutions and Support team

1,039 workplace talks held with **24,102** attendees

12,043 workplace Wellbeing Zone attendees

1 Roy Morgan, 18 June 2018, Finding No. 7629, accessed 18 June 2018 at roymorgan.com/findings/7629-industry-funds-satisfy-top-investors-201806180201

2 Net assets available for member benefits includes employer-sponsor receivables for defined benefit members held by the Queensland Treasury, in addition to the $80 billion in retirement savings managed by QSuper.

Our investment options

Full details of our investment options including the investment objective, risk and fees for each can be found on our website and in our product disclosure statement.

QSuper Lifetime – default option for the Accumulation account

Outlook Aged under 40	**Aspire** Aged 40-49	**Focus** Aged 50-57	**Sustain** Aged 58 or over
Outlook **Balance:** Any **Suitable:** Long-term investors who want exposure to assets with potentially higher returns.	**Aspire 1** **Balance:** Less than $50,000 **Suitable:** Medium to long-term investors with lower account balances who want exposure to assets with potentially higher returns.	**Focus 1** **Balance:** Less than $100,000 **Suitable:** Medium-term investors with low balances who want exposure to assets with potentially higher returns.	**Sustain 1** **Balance:** Less than $300,000 **Suitable:** Investors who are close to, or in retirement.
	Aspire 2 **Balance:** $50,000 or more **Suitable:** Medium to long-term investors with higher account balances who want exposure to assets with potentially higher returns.	**Focus 2** **Balance:** $100,000 to less than $250,000 **Suitable:** Medium-term investors with moderate account balances who want exposure to assets with potentially higher returns.	**Sustain 2** **Balance:** $300,000 or more **Suitable:** Investors who are close to, or in retirement.
		Focus 3 **Balance:** $250,000 or more **Suitable:** Medium-term investors with high balances who want exposure to assets with potentially higher returns.	

Diversified

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 remember that in return for shorter-term stability they may be sacrificing the potential for higher long-term returns.

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 that this option could experience negative returns over the short term.

Socially Responsible[1]

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 that this option could experience negative returns over the short term.

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 that this option could experience negative returns over the short to medium-term.

Single Sector

Cash

Suitable for short-term investors who want to protect the value of their investments. Investors in the Cash option should also be aware that there will be little short-term real growth.

Diversified Bonds[2]

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

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 that this option could experience negative returns over the short to medium term.

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 that this option could experience negative returns over the short to medium term.

Self Invest option

QSuper's direct investment option Self Invest allows members to tailor their own investment strategy by combining direct Australian Shares, exchange traded funds (ETFs) and term deposits with QSuper's other investment options. It is an entirely online investment option, and provides eligible members with the ability to buy and sell in real time and access up-to-date market research and data, including watch lists and alerts that can be customised.

1 This option is managed externally through AMP Capital Investors Limited. More information is available in the AMP Responsible Investment Leaders Balanced Fund Information Memorandum (for institutional investors), which is available from ampcapital.com.au. **2** This option is managed externally through QIC Limited.

The QSuper Board and committees

The QSuper Board is committed to giving members confidence in their retirement outcomes. The QSuper Board sets objectives for the Fund that are in line with its governing rules and superannuation legislation, and meets regularly to review the performance of the Fund against these objectives.

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 generally up to a maximum term of nine years. QSuper Trustees are also appointed as Directors of QSuper Limited and QInvest Limited.

Board responsibilities

The QSuper Board meets regularly to discuss 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 2017-18 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.

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 Graduate of Financial Services Institute of Australasia
- Master Member and Graduate, Stockbrokers and Financial Advisers Association

Mr Morris was CEO and Managing Director of Ord Minnett Ltd from 2004 until his appointment as Executive Chairman in 2009.

He is also a member of the Federal Government's Financial Sector Advisory Council, Chairman of the Stockbrokers and Financial Advisers Association, a Director of the Royal Automobile Club of Queensland (RACQ), a member of the J.P. Morgan Australian Advisory Council, Patron of Bravehearts Inc. and Chairman of the Brisbane Broncos.

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

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 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 and 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.

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)

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

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.

Shayne Maxwell
Trustee

Assistant General Secretary, Queensland Police Union of Employees

- Member of Australian Institute of Company Directors

Mr Maxwell is Assistant General Secretary of the Queensland Police Union of Employees.

He is also an Executive Member of the Queensland Council of Unions and a Director of the Queensland Police Legacy Scheme.

Mr Maxwell is an experienced law enforcement officer, having served in the Queensland Police Service between 1981 and 2018.

Mr Maxwell was appointed to the QSuper, QSuper Limited and QInvest Limited Boards in June 2018. He is currently a member of the Audit & Risk, and Remuneration 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 of 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.

Steve Christie
Trustee

Financial Services Professional

- Certified financial planner
- PhD in Applied Finance
- Master of Applied Finance
- Master of Laws
- Member, Australian Institute of Company Directors

Dr Christie has worked in the investment and finance industry since 1995 and is currently a Director and Principal of ACD Financial, where he is a financial and investment adviser.

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.

Mary-Anne Curtis
Trustee

Director-General, Department of Employment, Small Business and Training

- Bachelor of Laws
- Bachelor of Commerce

Ms Mary-Anne Curtis is currently the Director-General of the Department of Employment, Small Business and Training. She was previously a Deputy Under Treasurer within Queensland Treasury, providing advice and analysis to the Queensland Government on public policy, fiscal and economic issues particularly in relation to social policy portfolios and inter-governmental financial relations.

Ms Curtis is a member of the Australian Institute of Company Directors and holds a Bachelor of Laws and Bachelor of Commerce from QUT and the University of Southern Queensland respectively.

Ms Curtis was appointed to the QSuper Board in July 2018 and the QSuper Limited and QInvest Limited Boards in August 2018, and is currently a member of the Audit & Risk, and Remuneration Committees.

Board meeting attendance 2017-18 financial year

Name	Attended
Karl Morris	●●●●●●●●●
Jeff Backen	●●●●●●●●●
Ruth McFarlane	●●●●●●●●●
Beth Mohle	●●●●●●●●●
Shayne Maxwell[1]	●
Walter Ivessa	●●●●●●●●○
Bede King	●●●●●●●○○
Steve Christie	●●●●●●●●●
Terry Mackenroth[2]	●●●●●●○
Mick Barnes[3]	●●●●●●●○

Thank you Mick Barnes

The QSuper Board would also like to recognise the significant contribution of Mr Mick Barnes during his nine years of service as a Trustee. Mick has been a Board member during a period of significant change for QSuper including becoming both a regulated fund and then more recently a public offer fund, the launch of QSuper Lifetime, and the establishment of QInsure Limited, a life insurance company. As well as serving on a number of Board committees, Mick has always been keen to attend QSuper events to meet and interact with QSuper members. Mick's appointment as a Trustee concluded on 31 May 2018.

1 Shayne Maxwell was appointed as a Trustee on 1 June 2018.

2 Terry Mackenroth passed away on 30 April 2018.

3 Mick Barnes' tenure as a Trustee ended on 31 May 2018.

QSuper Board committees

The QSuper Board has a number of committees that oversee 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, and Product, Services & Advice committees. The QSuper Board used the following committees in 2017-18:

Audit & Risk Committee

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.

Product, Services & Advice Committee

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.

Remuneration Committee

The Remuneration Committee membership is comprised of all QSuper Board members as well as two QInsure directors. The Committee 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

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 investment options of the Fund
- 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.

Specialist committee members at 30 June 2018

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

At TUH, Ms McGuane is responsible for leading, developing and implementing strategy for growth, retention and customer service areas for the fund. She was previously the Client Relationship Manager for Queensland for HESTA Superannuation Fund. She was the previous Chair of ASFA Queensland and a former director on the board of ASFA. Ms McGuane received an ASFA Award in recognition for her contribution to the superannuation industry in Queensland.

Ms McGuane is also on the Board of Stadiums Queensland and is the author of the *Financial Fitness for Kids* books, 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.

Lorraine Berends
Investment Committee Member

Financial Services Professional

- Bachelor of Science
- Fellow of Actuaries Institute
- Fellow of Association of Superannuation Funds of Australia

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, Plato Income Maximiser Limited and Spheria Emerging Companies 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.

Chris Condon
Investment Committee Member

Principal, Chris Condon Financial Services

- Bachelor of Commerce
- Fellow of Actuaries Institute
- First Class Honours in Finance

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

Professor Michael E. Drew
Investment Committee Member

Director, Drew, Walk & Co.

- PhD in the field of Economics
- Master of Economic Studies
- Fellow, Australian Institute of Company Directors
- Fellow, Institute of Managers and Leaders
- Fellow, Governance Institute of Australia
- Master Member, Stockbrokers and Financial Advisors Association

Professor Drew is a consulting financial economist specialising in the areas of investment governance, pension plan design, outcome-oriented investing and retirement security. His research has appeared in leading practitioner journals.

He is a member of the Investment Advisory Board of the Petroleum Fund of Timor-Leste, a Life Member of FINSIA and a member of the Academic Advisory Council of the Defined Contribution Institutional Investment Association's Retirement Research Centre in Washington, D.C.

Professor Drew was appointed to the Investment Committee in April 2016.

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, risk profile and investment strategy (pages 6-7). These are underpinned by the QSuper Board'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 Limited QSuper Asset Management Pty Ltd 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	DFA Australia Ltd QIC Ltd State Street Global Advisors, Australia Ltd Vanguard Investments Australia Limited
Real estate	AEW Europe LLP CIM Investment Advisors, LLC Invesco Advisers Inc Jamestown Premier GP, L.P. 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 Global Endowment Management, LP Graham Capital Management, L.P. Hancock Natural Resource Group Australasia Pty Limited Makena Capital Management LLC Principal Global Investors (Australia) Limited QIC Limited QSuper Asset Management Pty Ltd QSuper Limited
Commodities	First Quadrant, L.P.
Other	AMP Capital Investors Limited State Street Bank and Trust Company

Single assets valued above 5% of total funds under management

At 30 June 2018, the Fund had an investment in the QS High Duration Bonds Trust which represented 8.51% of the total assets of the Fund. The investments within this trust 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 allocation 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.

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 2017-18 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 are not dependent on the success of the business activities of an employer, or other related party. These in-house assets cannot exceed 5% of total assets. During the 2017-18 financial year, QSuper did not have more than 5% 'in-house' assets at any time.

Defined Benefit accounts (closed fund)

About these accounts

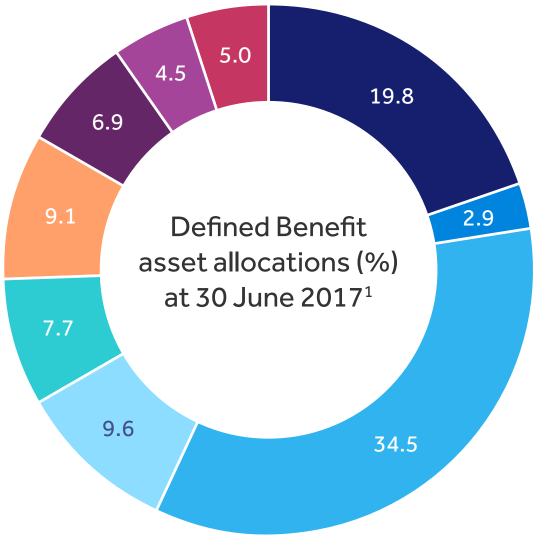
QSuper's Defined Benefit accounts are calculated using a formula based on a member's years of service and salary, and may also depend on the level of contributions a member may choose to make. Both members and employers make contributions. Employer contributions go into a pool of funds held by Queensland Treasury Corporation 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.

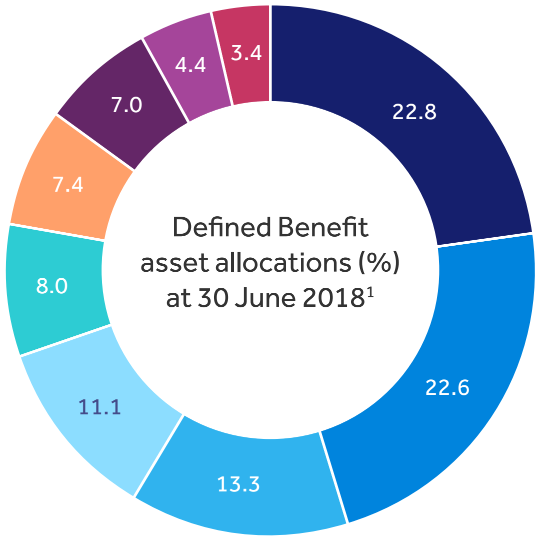
Details of the Defined Benefit investment strategy and objective are included in the graphs to the right. As the calculation of a defined benefit is formula based, it is not directly affected by investment returns. QSuper has several defined benefit style accounts – Defined Benefit, State, Police and Parliamentary – all of which are closed to new members.

Investment objective

The investment objective for both the Queensland Government and QSuper defined benefit pools is to ensure that there is sufficient funds to pay all members' defined benefit entitlements when needed. The asset allocations and investment ranges (included in the table to the right) aim to meet this objective.



Global equities	**19.8%**
Fixed income	**2.9%**
Cash	**34.5%**
Real estate	**9.6%**
Infrastructure	**7.7%**
Illiquid alternatives (run-down)	**9.1%**
Private equities	**6.9%**
Insurance	**4.5%**
Liquid alternatives	**5.0%**



Global equities	**22.8%** ▲
Fixed income	**22.6%** ▲
Cash	**13.3%** ▼
Real estate	**11.1%** ▲
Infrastructure	**8.0%** ▲
Illiquid alternatives (run-down)	**7.4%** ▼
Private equities	**7.0%** ▲
Insurance	**4.4%** ▼
Liquid alternatives	**3.4%** ▼

Asset allocation ranges (%) from 30 June 2018	
Global equities	10 – 35
Fixed income	10 – 45
Cash	0 – 20
Real estate	0 – 12
Infrastructure	0 – 12
Illiquid alternatives (run-down)	0 – 12
Private equities	0 – 10
Insurance	0 – 10
Liquid alternatives	3 – 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 does not affect a member's overall entitlements.

1 Figures have been rounded for member reporting purposes.

Our reserves

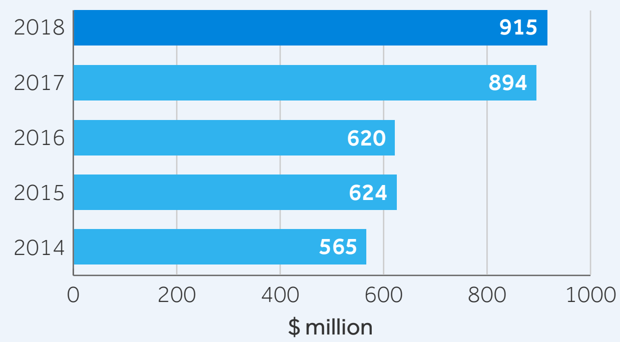
General Reserve

QSuper maintains a General Reserve to ensure there are sufficient funds to meet our current and future liabilities for administration costs, strategic initiatives and operational risk.

The General Reserve is funded through the administration fee, which is deducted from all accounts administered, and the investment revenue earned on the General Reserve.

At 30 June 2018, the Investment Strategy for the General Reserve is to invest 100% in the Balanced investment option.

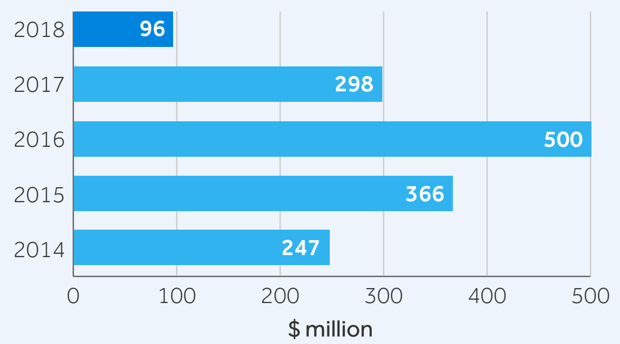
General Reserve at 30 June



Insurance Reserve

The QSuper Board stopped self-insuring its members from 1 July 2016. There remains a liability for projected future claims that are covered under the insurance arrangements in place prior to 1 July 2016. The Insurance Reserve continues to hold insurance premiums previously deducted from members' Accumulation accounts for self-insurance cover, 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. The QSuper Group Management monitors and reviews the Insurance Reserve monthly. The Insurance Reserve is currently invested in the Cash investment option.

Insurance Reserve at 30 June[1]

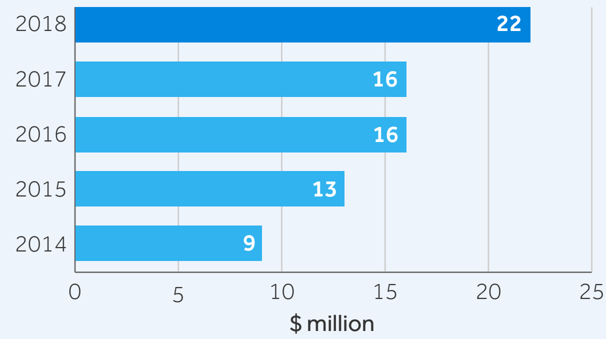


1 These amounts include the assets backing the self-insurance tail claims of the QSuper Scheme reported separately on the Statement of financial position in the Financial Statements.

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.

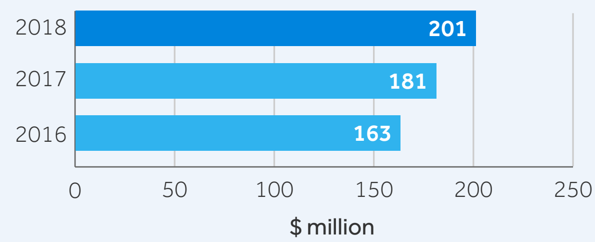
Unallocated Contributions Reserve at 30 June



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 at 30 June



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 2017-18 financial year was applied to the VPP (closed) investment option member accounts before the capital guarantee was debited.

The VPP crediting rate for the 2017-18 financial year after subtracting the capital guarantee fee was 3.50%.

Important information

Contact us

Our Annual Report can be downloaded from our website at **qsuper.qld.gov.au/annualreport** or contact us on **1300 360 750** to request a copy (free of charge).

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

QInsure Limited – ABN 79 607 345 853, AFSL 483057
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

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 2017-18

During the 2017-18 financial year there were a number of regulatory and product changes.

Our 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 minor changes to several insurance definitions for our Accumulation account insurance during the year to improve clarity and transparency on rules and conditions. These changes took effect on 1 July 2017 and include:

- Changed the definition of insured salary
- Changed disability definitions including partial and temporary disablement, total and temporary disablement, and total and permanent disablement
- Changed the definition of graduated return to work additional payment
- Changed fixed death cover and total and permanent disability (TPD) cover rules
- Changed the transfer in of cover rules
- Changed the rules surrounding the reinstatement of default cover that was cancelled.

Changes to Self Invest

We made several changes to our Self Invest option for Accumulation and standard Income accounts. In summary these changes included:

Effective 1 July 2017:

- Reduced the minimum account balance required to access Self Invest
- Expanded the range of exchange traded funds (ETFs) available
- Increased access and activity fees
- Removed access to Self Invest for members with a Transition to Retirement (TTR) account.

Effective 7 February 2018:

- Reduced the minimum balance for the Self Invest transaction account
- Reduced the minimum standard Income account balance required to be held outside of Self Invest
- Changed the investment limits for broad market-based ETFs.

Other effective dates:

- Ceased offering new Rabobank term deposits, effective 29 September 2017
- Introduced customised trading alerts, effective 10 November 2017
- Changed term deposit order cut off times, effective 14 April 2018.

Changes to transfer balance caps and commutation authorities

Due to legislation effective 1 July 2017, we changed the way we action commutation authorities received from the Australian Taxation Office for the transfer of monies in instances where we receive no direction from the member.

Changes to the QSuper administration fee

From 30 September 2017 we reduced our administration fee from 20 basis points to 18 basis points.

Changes to reporting of investment fees and costs

Effective 30 September 2017, we changed the way we disclose investment fees and costs for the investment options in our Accumulation and Income accounts in line with regulatory changes.

Changes to the Socially Responsible investment option

From 27 November 2017, the asset allocation range for cash within the Socially Responsible investment option changed from 0-15% to 0-20%.

Financial Statements

Statement of financial position

As at 30 June 2018

Assets	Note	2018 $m	2017 $m
Cash and cash equivalents	2	3,568	3,449
Equities	2	25,228	21,756
Listed trusts	2	1,256	1,044
Derivative assets	2	302	422
Other interest bearing securities	2	13,172	12,021
Unlisted unit trusts	2	38,070	34,270
Receivables		170	196
Investments in service providers		338	306
Employer-sponsor receivables	10	21,648	21,774
Total assets		**103,752**	**95,238**

Liabilities	Note	2018 $m	2017 $m
Payables		(180)	(157)
Derivative liabilities	2	(763)	(314)
Current tax liabilities	3	(124)	(134)
Deferred tax liabilities	3	(753)	(494)
Insurance liabilities		(96)	(145)
Total liabilities excluding member benefits		**(1,916)**	**(1,244)**
Net assets available for member benefits		**101,836**	**93,994**
Defined contribution member liabilities	10, 11	(72,608)	(65,243)
Defined benefit member liabilities	10, 11	(28,091)	(27,507)
Total member liabilities		**(100,699)**	**(92,750)**
Net assets		**1,137**	**1,244**

Equity	Note	2018 $m	2017 $m
Reserves	4	1,137	1,244
Total equity		**1,137**	**1,244**

The above Statement of financial position should be read in conjunction with the accompanying notes.

Income statement

For the year ended 30 June 2018

Superannuation activities	Note	2018 $m	2017 $m
Income			
Dividends and distributions		3,343	2,760
Changes in fair value of investments		2,426	2,251
Interest income		203	161
Total net income		**5,972**	**5,172**

Expenses	Note	2018 $m	2017 $m
Direct investment expenses		(156)	(114)
Administration fee		(198)	(159)
Financial planning fee		(17)	(17)
Other expenses		(10)	(9)
Total expenses		**(381)**	**(299)**
Net result from insurance activities	6	(93)	(7)
Results from superannuation activities before income tax expense		**5,498**	**4,866**
Income tax expense	3	(298)	(22)
Results from superannuation activities after income tax expense		**5,200**	**4,844**
Allocation of results from superannuation activities after income tax expense			
Net benefits allocated to/(from) defined contribution members		4,405	3,896
Net change in defined benefit member benefits		974	814
Net allocation to/(from) Reserves		(179)	134
Total allocation of results from superannuation activities after income tax expense		**5,200**	**4,844**

The above Income statement should be read in conjunction with the accompanying notes.

Statement of changes in member benefits

For the year ended 30 June 2018

	Note	Defined Contribution Member Benefits $m	Defined Benefit Member Benefits $m	Total $m
Opening balance as at 1 July 2017		**65,243**	**27,507**	**92,750**
Employer contributions		3,140	1,980	5,120
Member contributions		1,136	94	1,230
Transfers from other superannuation entities		1,848	15	1,863
Income tax on contributions		(401)	(298)	(699)
Net after tax contributions		**5,723**	**1,791**	**7,514**
Benefits to members		(4,176)	(276)	(4,452)
Insurance premiums charged to members' accounts		(425)	(4)	(429)
Death and disability amounts received for members		238	-	238
Superannuation contributions surcharge		(2)	1	(1)
Internal transfers	10	1,718	(1,718)	-
Transfer (to)/from reserves:				
Net administration fees		(117)	(58)	(175)
Other		1	-	1
Net benefits allocated to Defined Contribution member accounts		4,405	-	4,405
Net change in member benefits to be funded by employer		-	(126)	(126)
Net change in Defined Benefit member benefits		-	974	974
Closing balance as at 30 June 2018		**72,608**	**28,091**	**100,699**

The above Statement of changes in member benefits should be read in conjunction with the accompanying notes.

Statement of changes in member benefits

For the year ended 30 June 2018 (continued)

	Note	Defined Contribution 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)
Death and disability amounts received for members		104	-	104
Superannuation contributions surcharge		(2)	1	(1)
Internal transfers	10	1,766	(1,766)	-
Transfer (to)/from reserves:				
Net administration fees		(106)	(62)	(168)
Other		1	-	1
Net benefits allocated to Defined Contribution 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**

The above Statement of changes in member benefits should be read in conjunction with the accompanying notes.

Statement of changes in reserves

For the year ended 30 June 2018

	Note	General Reserve $m	Unallocated Contribution Reserves $m	Insurance Reserves $m	Operational Risk Financial Requirement Reserve $m	Total Reserves $m
Opening balance as at 1 July 2017		**894**	**16**	**153**	**181**	**1,244**
Net administration fees from members		175	-	-	-	175
Other transfer (to)/from members		(2)	2	-	(1)	(1)
Reserves transfer		63	-	(71)	8	-
Insurance premium margin	6	(109)	-	-	-	(109)
Allocation of net result from superannuation activities after income tax expense		(107)	4	(89)	13	(179)
Rebate receivable		-	-	7	-	7
Closing balance as at 30 June 2018		**914**	**22**	**-**	**201**	**1,137**

	Note	General Reserve $m	Unallocated Contribution Reserves $m	Insurance Reserves $m	Operational Risk Financial Requirement Reserve $m	Total Reserves $m
Opening balance as at 1 July 2016		**619**	**16**	**196**	**164**	**995**
Net administration fees from members		168	-	-	-	168
Other transfer (to)/from members		-	(1)	-	-	(1)
Reserves transfer		90	-	(96)	6	-
Insurance premium margin	6	(106)	-	-	-	(106)
Allocation of net result from superannuation activities after income tax expense		123	1	(1)	11	134
Rebate receivable		-	-	54	-	54
Closing balance as at 30 June 2017		**894**	**16**	**153**	**181**	**1,244**

The above Statement of changes in reserves should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2018

Cash flows from operating activities	Note	2018 $m	2017 $m
Interest received		219	135
Insurance claims received		238	105
Dividends and trust distributions received		2,874	3,791
Other revenue		97	187
Insurance premiums paid		(538)	(528)
Investment expenses		(119)	(79)
Other general administration expenses		(272)	(240)
Income tax paid		(748)	(816)
Net inflow of cash from operating activities	**5**	**1,751**	**2,555**

Cash flows from investing activities	Note	2018 $m	2017 $m
Purchase of investments		(18,568)	(18,505)
Proceeds from sale of investments		13,306	11,296
Net outflow of cash from investing activities		**(5,262)**	**(7,209)**

Cash flows from financing activities	Note	2018 $m	2017 $m
Employer contributions received		5,120	4,951
Member contributions received		1,230	1,688
Transfers from other superannuation funds		1,863	1,335
Benefits paid		(4,586)	(4,487)
Net inflow of cash from financing activities		**3,627**	**3,487**

Net increase/(decrease) in cash held	Note	116	(1,167)
Cash at the beginning of the financial year		**3,449**	**4,615**
Effects of FX rate changes on cash and cash equivalents		3	1
Cash at the end of the financial year		**3,568**	**3,449**

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2018

Note 1 General information

This section outlines the basis on which the financial statements have been prepared and provides assessment on new accounting standards that impact the financial statement disclosure. This section also outlines significant events and transactions that occurred during and subsequent to the year end.

Operation of QSuper

QSuper was established pursuant to the *Superannuation (State Public Sector) Act 1990* to provide benefits for current and former employees of Queensland Government entities, such as departments, statutory bodies and government owned enterprises and their spouses. On 1 July 2017, QSuper became a public offer fund and as such has welcomed new members to join. QSuper consists of Defined Benefit, Accumulation and Income accounts.

The Defined Benefit account was closed to new members from 12 November 2008. Current members with a Defined Benefit account are able to maintain their existing benefits until they decide to retire, transfer to an Accumulation account or leave their current employment. Defined Benefit account members who transfer between eligible QSuper employers and have a break in service of less than one month are permitted to continue contributing to their Defined Benefit account.

During the financial year, superannuation administration was undertaken by QSuper using services from QSuper Limited (QSL), QInvest Limited (QIL), One QSuper Pty Ltd (OneQ), QSuper Asset Management Pty Ltd (QAM), QSuper Board and QInsure Limited (QInsure).

The registered office of QSuper is 70 Eagle Street, Brisbane QLD 4000.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, the *Superannuation Industry (Supervision) Act 1993* and provisions of the Superannuation (State Public Sector) Deed 1990 (Qld).

The financial report of QSuper for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Trustees on the same date as the signing of the Trustees' Report.

The financial statements have been prepared on the basis required by AASB 1056 *Superannuation Entities*, which provides specific measurement requirements for assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The financial statements have been prepared on an accrual and going concern basis. Valuations of investments are measured in accordance with AASB 1056 at fair value.

The financial statements are presented in Australian dollars, which is the functional currency of QSuper.

New accounting standards and interpretations

New standards and interpretations adopted during the year

There have been no new or revised standards and interpretations adopted in these financial statements.

Standards and interpretations in issue not yet adopted

AASB 9 Financial Instruments

AASB 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018 and as such, will apply to QSuper from 1 July 2018. It provides new requirements for the classification and measurement, impairment and hedge accounting for financial instruments.

During 2017-18, QSuper performed an impact assessment of all three aspects of AASB 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available in 2018-19 when QSuper will adopt AASB 9. Overall, QSuper expects no significant impact on its financial statements of financial position and equity.

AASB 15 Revenue from Contracts with Customers

This standard establishes principles about the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The basis for the new Standard is a 5-step model. The initial assessment via the 5-step model has determined that this standard will not be applicable to QSuper as it does not have any applicable customer contracts.

QSuper's wholly owned subsidiary QSL will be required to report under the new Standard. The initial assessment has determined that the services provided under the customer contract are satisfied over time and as such shall recognise the revenue over time. Therefore QSL will continue to recognise revenue for these service contracts over time rather than at a point in time. This is not expected to have a significant change to how QSL currently recognises revenue.

AASB 16 Leases

QSuper is not impacted by the Standard, however it is expected that QSuper's wholly owned subsidiary QSL will be.

This standard requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less. Under the new standard, QSL will be required to:

- Recognise right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability
- Recognise depreciation of right of use lease assets and interest on lease liabilities over the lease term
- Separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity.

QSL has commenced work to understand the impact of the new standard. This has included preliminary diagnostics to identify key characteristics of existing contractual arrangements and scoping of impacts to financial reporting, systems and processes. Work in 2018-19 will include detailed review of contracts to support the quantification of financial impacts and assessment of likely system requirements and processes. QSL is considering available options for transition.

The assessment process has commenced with the identification of lease contracts to which the Standard may apply and the quantification of any impact its application may have on the consolidated financial statements. To date, the main types of leases which may impact QSL are building and office as well as software and infrastructure as a service.

AASB 17 Insurance Contracts and Associated Interpretations

The Standard includes specific requirements for presenting insurance-related balances in the financial statements. In addition, the Standard will require extensive new disclosures showing how the components of recognised amounts have moved during the period.

QSuper's wholly owned subsidiary QInsure will be impacted by the Standard and it is expected to change profit emergence patterns; and add complexity to valuation processes, data requirements, assumption setting processes and the requirements for analysing and communicating results. A preliminary assessment has been undertaken and the formal project commenced in August 2018 for QInsure to ascertain the potential impact of AASB 17.

Significant accounting policies

The significant accounting policies have been set out within the relevant note in these financial statements. The policies have been consistently applied to all periods presented in these financial statements.

Rounding

All financial information presented has been rounded to the nearest one million dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on experience and other factors believed to be reasonable in the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the notes to the financial statements.

Comparatives

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Additionally, there have been reclassifications made to some prior year balances within these financial statements to enhance comparability with current year balances. As such, certain comparative line items in the notes to the financial statements have been amended to match current year presentation.

Consolidation

Entities that meet the definition of an investment entity within *AASB 10 Consolidated Financial Statements* are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. QSuper meets the definition of an investment entity and accordingly accounts for controlled entities in this way.

An exception to this treatment is where the main purpose and activities of the subsidiary are to provide investment-related services or activities that relate to the investment entity's investment activities. These types of services include investment advisory services, investment management, investment support and administrative services.

Given that the main purpose of QSL and its subsidiaries is to deliver member retirement outcomes through the provision of administration, financial planning, investment management and insurance services, QSL is required to be consolidated.

However, the net assets of QSL are not material to the users of QSuper's financial statements as a whole, and as a result the net assets have been recognised in one line (investment in service providers) within the financial statements.

Auditor's remuneration

Other regulatory and assurance services	2018 $'000	2017 $'000
Queensland Audit Office	-	392
Deloitte Touche Tohmastu	358	-
Total auditor remuneration	**358**	**392**

Actuarial remuneration

Queensland State Actuary	2018 $'000	2017 $'000
Actuarial services	389	378
Total actuarial remuneration	**389**	**378**

Commitments, contingent assets and contingent liabilities

QSuper has unfunded commitments with investment managers to the value of $2,339m as at 30 June 2018 (2017: $2,524m). In addition, approximately US$55.5m remains outstanding for the acquisition of real estate property for which a contract was signed in June 2018. QSuper has no other material commitments, contingent assets or contingent liabilities as at 30 June 2018.

Significant events

QSuper applied for a public offer licence from APRA which was approved on 13 April 2017 with an effective date of 1 July 2017. From 30 June 2017, the 'State Public Sector Superannuation Scheme' also changed its name to become 'QSuper' in line with the new legislation. From 24 July 2017, the 'Board of Trustees of the State Public Sector Superannuation Scheme' also changed its name to 'QSuper Board'.

Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustees of QSuper, to affect significantly the operations of QSuper, the results of those operations, or the state of affairs of QSuper in future years.

Note 2 Investments and derivatives

QSuper maintains investments for the long term purpose of providing benefits for members upon their retirement, reaching a specified age, death, or termination of employment.

Investments of QSuper, including derivatives, are managed by selected investment managers, QSL and QAM's investment team on behalf of the QSuper Board (Board). The Board determines the overall investment objectives and strategy of QSuper.

QSuper contracts investment managers in various asset classes, sectors, management styles, strategies and geographies under investment mandates (hereafter referred to as mandates). QSuper's expectations of its managers are documented in the mandates agreed between the parties. Specific reporting and valuation requirements are included within the contracts to ensure sufficient information and transparency is provided for ongoing monitoring.

Initial recognition

Investments of QSuper are initially recognised as fair value through profit or loss (FVTPL).

Subsequent measurement of investments

Investments of QSuper are classified as FVTPL when the asset is either held for trading or it is designated at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Income Statement.

Fair value hierarchy

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker quotations. For all other financial instruments, the Trustee determines the fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

30 June 2018	Level 1 $m	Level 2 $m	Level 3 $m	Total
Listed equity securities	24,942	4	-	24,946
Unlisted equity securities	-	-	167	167
Preference shares redeemable	115	-	-	115
Listed unit trusts	-	265	-	265
Listed property trusts	991	-	-	991
Fixed interest bonds	-	8,010	-	8,010
Discount securities	-	5,162	-	5,162
Derivative assets/liabilities				
Futures	(48)	-	-	(48)
Swaps	-	15	-	15
Forward foreign exchange contracts	-	(428)	-	(428)
Units in unlisted unit trusts				
Unlisted unit trusts – infrastructure	-		9,350	9,350
Unlisted unit trusts – equity and futures	-	3,808	-	3,808
Unlisted unit trusts – private equity and alternatives	-		3,576	3,576
Unlisted unit trusts – property	-	393	5,815	6,208
Unlisted unit trusts – cash and fixed interest	-	15,128	-	15,128
Total	**26,000**	**32,357**	**18,908**	**77,265**

30 June 2017	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Listed equity securities	21,522	2	3	21,527
Unlisted equity securities	-	-	144	144
Preference shares redeemable	85	-	-	85
Listed unit trusts	-	231	-	231
Listed property trusts	813	-	-	813
Fixed interest bonds	-	4,980	-	4,980
Discount securities	-	7,041	-	7,041
Derivative assets/liabilities				
Futures	(27)	-	-	(27)
Swaps	-	37	-	37
Forward foreign exchange contracts	-	99	-	99
Units in unlisted unit trusts				
Unlisted unit trusts – infrastructure	-	271	7,883	8,154
Unlisted unit trusts – equity and futures	-	2,005	1,860	3,865
Unlisted unit trusts – private equity and alternatives	-	-	3,163	3,163
Unlisted unit trusts – property	-	151	5,141	5,292
Unlisted unit trusts – cash and fixed interest	-	13,796	-	13,796
Total	**22,393**	**28,613**	**18,194**	**69,200**

Investments not included in the above tables are cash, short term deposits and margin accounts totalling $3,568m (2017: $3,449m). These investments and the investments illustrated in the fair value hierarchy table equates to the total investments as at 30 June 2018 of $81,596m (2017: $72,963m) reduced by derivative liabilities of $763m (2017: $314m) and excluding the investments in service providers.

Key estimates

Listed equities

When fair values of public traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. QSuper values these investments at bid price for long positions and ask price for short positions.

Units in unlisted unit trusts

Units in unlisted unit trusts are valued at the redemption price at reporting date quoted by the investment managers which are based on the net asset value (NAV) of the underlying investments. This is considered to approximate fair value. Underlying investments includes infrastructure and private equity investments which are valued externally. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

Derivative assets and liabilities

QSuper uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Reconciliation of Level 3 fair value measurements of financial assets

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised in Level 3 between the beginning and end of the reporting period.

	2018 $m	2017 $m
Opening balance	**18,194**	**14,275**
Total gains or losses		
In Income Statement	757	89
Purchases	1,666	5,872
Redemptions/disposal	-	(4,151)
Transfers into Level 3	152	2,109
Transfers out to Level 2	(1,860)	-
Transfers out to Level 1	(1)	-
Closing balance	**18,908**	**18,194**

Of the total gains or losses for the period included in the Income Statement, gains of $738m (2017: $60m) relates to unlisted unit trusts held at the end of the reporting period. Fair value gains or losses on investment are included in 'Changes in fair value of investments'.

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Fair value $m	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Unlisted unit trusts	18,741	Investment manager – independent valuation annually	Valuation of underlying investments of the unit trusts	An increase in the value of the underlying investments of the unit trusts will result in higher fair values. Reductions would result in lower fair values.
Unlisted equity	167	Investment manager – independent valuation annually	Valuation of underlying investments	An increase in the value of the underlying investments will result in higher fair values. Reductions would result in lower fair values.

Due to the immaterial nature (by value) of the unlisted equities classified as Level 3, a discounted cashflow valuation approach is not used.

Recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to QSuper and that revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognised.

Changes in fair value of investments

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period). Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Income Statement.

Other significant revenue streams

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. If interest is not received at reporting date, it is reflected in the Statement of Financial Position as a receivable.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at balance sheet date, the balance is reflected in the Statement of Financial Position as a receivable.

Distributions from unit trusts

Distributions from unit trusts are recognised as investment income on the date when it is deemed that QSuper is presently entitled to the trust income. If distributions are not received at reporting date, it is reflected in the Statement of Financial Position as a receivable.

Note 3 Income tax

(a) Major components of income tax

Current income tax	2018 $m	2017 $m
Current income tax expense	12	70
Adjustments in respect of current income tax of previous years	27	(4)
Deferred income tax		
Relating to origination and reversal of temporary differences in deferred tax liability	259	(44)
Income tax expense reported in Income Statement	**298**	**22**

A reconciliation between prima facie income tax expense and income tax expense as reported in the Income Statement before income tax, including a summary of deferred income tax is as follows:

	2018 $m	2017 $m
Results from superannuation activities	5,498	4,866
Prima facie income tax expense at the rate of 15%	825	730
Tax effect of non-deductible expenses and non-assessable income in calculating the taxable amount		
Differences between tax and accounting net investment income	(165)	(259)
Notional premium for death or disability cover	(17)	(16)
Net imputation and foreign tax credits	(180)	(193)
Exempt current pension income	(201)	(268)
Other	36	28
Income tax expense reported in Income Statement	**298**	**22**

(b) Deferred income tax

Movements in deferred tax asset	2018 $m	2017 $m
Opening balance	47	57
Change to Income Statement	(18)	(10)
Closing balance at 30 June	**29**	**47**

Deferred tax asset comprises	2018 $m	2017 $m
Quarantined capital losses	-	22
Investments	29	25
Total deferred tax asset	**29**	**47**

Movements in deferred income tax liability	2018 $m	2017 $m
Opening balance	(541)	(595)
Change to Income Statement	(241)	54
Closing balance at 30 June	**(782)**	**(541)**

Deferred tax liability comprises	2018 $m	2017 $m
Unrealised gains in investments	(782)	(541)
Total deferred tax liability	**(782)**	**(541)**
Net deferred tax asset/(liability)	**(753)**	**(494)**

Recognition and measurement

QSuper is taxed as a complying superannuation fund in accordance with the provisions of the *Income Tax Assessment Act 1936 (Cth)* and *Income Tax Assessment Act 1997 (Cth)*.

Current tax

Income tax on the change in net assets as a result of operations for the year comprises current and deferred tax. Income tax is recognised as an expense in the Income Statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the Statement of Financial Position date and any adjustment to tax payable in respect of previous years. Current tax includes any amounts relating to penalty and interest charges that may be imposed by tax authorities.

Deferred tax

Deferred tax is determined using the comprehensive balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and QSuper intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Key estimates

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Note 4 Reserves

The Statement of Changes in Reserves outlines the detailed movements in each reserve for the year.

Recognition and measurement

(a) General Reserve

QSuper maintains a General Reserve to ensure that it can meet both current and future liabilities, including those associated with administration, strategic initiatives and operational risks pertaining to costs associated with the non-member component of operational risk events. The reserve provides the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. Transfers in and out of the reserve are made only at the authorisation of the Trustee, and in accordance with the QSuper Board-approved reserve policy.

(b) Unallocated Contributions Reserve

This reserve is held to absorb investment variations which may be caused by the delay between when member funds are receipted and when the transaction is processed and allocated to the member's selected investment option.

(c) Insurance Reserve

QSuper ceased self-insurance with effect from 30 June 2016 with insurance provided by QInsure from this time. Prior to this, death, total and permanent disablement (TPD) and income protection insurance benefit premiums were collected and invested in the Insurance Reserve.

Tail claims (i.e. those claims relating to events occurring before 1 July 2016) continue to be paid by QSuper and is recognised as a reduction in the insurance claims liability in the Statement of Financial Position. The balance of the reserve represents the solvency margin on claim liabilities as determined by management. As the solvency margin will solely be in respect of covering adverse run off of claim liabilities incurred prior to 1 July 2016, with this declining as we move further into run-off, no explicit margin has been estimated by the Actuary in their latest review. Management has determined that no solvency margin will be retained for this financial year.

(d) Operational Risk Financial Requirement Reserve

QSuper maintains an Operational Risk Financial Requirement (ORFR) Reserve for costs pertaining to the member component of operational risk events. The ORFR ensures QSuper has adequate financial resources to address losses arising from operational risks within its business operations, where such costs are not met by third parties, or are recoverable from third parties or insurance only at a later stage. The Board maintains a target tolerance of 25 basis points of funds under management.

The ORFR is implemented, managed and maintained in accordance with the *Superannuation Industry (Supervision) Act 1993* and the requirements of APRA Prudential Standard SPS 114 – *Operational Risk Financial Requirement (SPS 114)*. APRA has defined 'operational risk' as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Note 5 Reconciliation of operating cash flows

Reconciliation of net change in cash from operating activities to operating result after income tax.

	2018 $m	2017 $m
Result after income tax	(179)	134
Adjustments for:		
Net change in assets measured in fair value	(2,853)	(1,040)
Net change in receivables	(13)	(9)
Net change in payables	22	(16)
Net change in insurance liabilities	(49)	(159)
Net change in income tax payable	(450)	(794)
Self-insurance claims included in benefits	134	171
Net change in reserves	(48)	(105)
Net change in member benefits	5,187	4,373
Net inflow of cash from operating activities	**1,751**	**2,555**

Cash comprises cash on hand and deposits at call. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. Cash equivalents must be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at face value, or the gross value of the outstanding balance.

Note 6 Insurance arrangements

(a) QInsure Limited

QInsure is a life insurer registered by APRA and holds an Australian Financial Services Licence (licence number 483057). It is a wholly-owned subsidiary of QSuper Limited that provides for group lump sum (death and total and permanent disability) and group disability (income protection) insurance policies to QSuper. Insurance premiums are deducted from member accounts and paid to QInsure.

QSuper holds a participating policy with QInsure and pays a premium margin to share in operating profits. Under this policy, the operating profit arising from participating business is allocated between shareholders and the participating policyholder, and is governed by the *Life Insurance Act 1995*, the Company's constitution, the in-force Insurance Policy, and the Company's Participating Business Management Framework.

The principles of allocation arising from QInsure profits are as follows:

i) Investment income on retained earnings in respect of participating business is allocated 80% to the policyholder and 20% to shareholders.

ii) Other profits arising from participating business are allocated 80% to the policyholder and 20% to shareholders.

iii) All investment income on shareholder capital and retained earnings (excluding those dealt with in (i) above) are fully allocated to shareholders.

As at reporting date, the value of the unvested policyholder profits recorded in QInsure is $95m. Payment of this amount requires approval from the Board of QInsure and any such payment would be recognised as income by QSuper once declared by the Board of QInsure.

A summary of key operating results and balances from QInsure for the year ended 30 June 2018 are as follows:

	2018 $m	2017 $m
Premium revenue	520	518
Claims expense	(231)	(95)
Outwards reinsurance expense	(62)	(62)
Reinsurance recoveries	36	15
Net result from insurance activities after-tax	12	9
Gross policy liabilities	(486)	(312)

Actuarial assumptions, judgements and estimates used in calculating policy liabilities of QInsure:

Key assumption	Details and process used to select assumption	Range of values
Discount rates	Discount rates are based on a risk free yield curve derived from the Australian Commonwealth Government bond market yields as at the valuation date.	The average effective discount rates adopted were 1.51% to 3.60% (2017: 1.48% to 4.53% per annum)
Incurred but not reported (IBNR) assumptions	Allowance was made for inherent delays in reporting claims based on investigations into the historic QSuper experience (as self-insurer) and QInsure results since commencement of operations. The IBNR is determined using the Bornhuetter-Ferguson method, a widely used actuarial loss reserving technique.	The overall loss ratios were between 60% and 84% (2017: 39% and 88%) The average claims reporting delays were between 1.7 months and 22.0 months (2017: 1.6 months and 16.6 months)
Claim termination	Relates to the duration of income protection claims. Rates are based on FSC-KPMG 2007 – 2011 industry standard tables. Claim termination rates are adjusted to reflect historic QSuper experience (as self-insurer) and QInsure's experience since the commencement of operations.	Refer to the *FSC-KPMG 2007 – 2011* industry standard tables for values adopted. The range of factors extend from 80% to 344% (2017: 95% to 344%)
Claims expense	Claims expense assumptions for outstanding claims are set based on the expected cost of administering claims over the next year.	
Inflation	The outstanding income protection claims are assumed to increase each year in line with inflation. The inflation is based on the Brisbane "all Groups Consumer Price Index" for the period 1 July 2017 to 30 June 2018.	The inflation rate assumed was 1.8% (2017: 1.5%)

(b) Self-insurance

Prior to the commencement of QInsure, QSuper had self-insurance arrangements in place for government employees for the provision of life, TPD and income protection insurance where premiums were collected and invested in an Insurance Reserve under a 'principal' arrangement. In addition, non-government employees were covered by an external insurance policy held by the QSuper Board.

The liability for self-insurance claims incurred before 1 July 2016 was not transferred to QInsure. Tail claims (i.e. those claims relating to events occurring before 1 July 2016) continue to be paid by QSuper and is recognised as a reduction in the insurance claims liability recognised on the Statement of Financial Position.

A summary of net results from self-insurance activities is as follows:

	2018 $m	2017 $m
Insurance contract revenue	(1)	19
Net premium revenue	**(1)**	**19**
Claims expense	(134)	(171)
Movement in insurance liabilities	49	159
Net incurred claims	(85)	**(12)**
Insurance result	(86)	**7**
Policy maintenance expense	(7)	(14)
Net loss from insurance activities	**(93)**	**(7)**

Note 7 Key management personnel

Trustees and key management personnel

Members of the QSuper Board at any time during or since the end of the financial year are:

Name	Date commenced/(ceased) as Trustee
Mr Karl Douglas Morris (Chairman)	December 2013
Mr Jeffrey John Backen	December 2013
Mr Michael Ian Barnes	June 2009/(May 2018)
Mr Walter Ivessa	June 2009
Mr Bede Farrell King	February 2013
Mr Terence Mackenroth	April 2016/(April 2018)
Ms Ruth Ethel Elizabeth McFarlane	December 2013
Ms Elizabeth Ruth Mohle	December 2013
Dr Stephen Paul Christie	December 2014
Mr Shayne Robert Maxwell	June 2018
Ms Mary-Anne Curtis	July 2018

QSuper has a 100% ownership interest in QSL. The QSuper Group provides member support and advice, procurement, staffing and investment services to QSuper. The following persons had authority for planning, directing and controlling the activities of QSuper Group entities:

Name	Role	Date commenced or (ceased) in Chief role
Mr Michael Pennisi	Chief Executive Officer	23 October 2015
Mr Kulwant Singh-Pangly	Chief Financial Officer	1 October 2014
Ms Anne Finney	Chief Risk Officer	24 February 2016
Mr Matthew Halpin	Chief of Member Support and Advice	12 October 2010/(2 January 2018)
Ms Kim Hughes	Chief of Member Support and Advice	30 April 2018
Mr Brad Holzberger	Chief Investment Officer	11 March 2009
Mr Paul Landy	Chief of People and Transformation	15 December 2010
Ms Karin Muller	Chief of Information Technology	26 April 2016
Mr Jason Murray	Chief of Member Experience	10 April 2017
Mr Philip Fraser	Chief of QInsure	24 September 2018

Remuneration policy

QSuper's remuneration policy is reviewed at least every three years.

Remuneration governance

The Remuneration Committee receives industry benchmarking and external advice independent from management. This includes annual benchmarking against the Financial Industry Remuneration Group (FIRG) database, according to relevant competitive markets and organisations of similar financial and asset size.

Trustee remuneration

The QSuper Board is comprised of nine Trustees, including equal employer and member representation, as well as one additional independent Board member.

The Board is remunerated in accordance with rates approved by the Treasurer, as Minister, in consultation with the Board. This remuneration represents an all-inclusive fee encompassing all QSuper Board related activities (including Committee memberships and QSL and QIL Directorships). Board members who are also employees of the Queensland Government are not remunerated for their trustee duties.

Executive remuneration

Executives are employed under individual employment contracts, which are structured for either a fixed term period or contracted on an ongoing basis. Executives are required to provide between two and six months' notice of their intention to terminate their QSuper employment contract. Executive remuneration is market competitive and paid under salary package arrangements which include an appropriate mix of fixed and variable performance payments.

Performance linkages

Both fixed and variable remuneration are market competitive and are explicitly linked to performance. All QSuper executive remuneration outcomes appropriately reflect QSuper's corporate, division and individual performance outcomes and behaviours:

- Fixed remuneration is reviewed on an annual basis taking into account the size, complexity and responsibilities of the role, individual performance, skills, and experience.
- Short-term incentives (STI) are based on annual performance against a balanced scorecard of appropriate performance measures and individual performance measures.
- Long-term incentives (LTI) are based on the longer-term performance measures. Effective 1 July 2016 no new LTI grants commenced. The last LTI grant concluded in September 2018.

Fixed remuneration

Fixed remuneration is calculated on a total cost basis, including the cost of employee benefits, superannuation, vehicles and car parking, plus any applicable fringe benefits tax. External benchmarking is undertaken to provide employees with fixed remuneration which targets the market within the financial services sector.

Variable remuneration

Specific variable remuneration performance payments are focused on senior employees who are critical to the continuing success of QSuper.

The Board retains absolute discretion to reduce all variable payments downwards to zero at any time prior to payment.

Short-term incentives (STI)

QSuper has two short-term cash incentive schemes relevant to Executives who have been employed by QSuper for more than three months of the financial year; one for investment staff and the other applicable to corporate employees.

Investment STI (Chief Investment Officer (CIO) only)

The performance conditions in the investment scheme are designed to reward investment performance against long-term absolute investment return targets and thresholds which are set by the Board within approved risk tolerances.

Corporate STI (all executives excluding the CIO)

The Corporate STI scheme is based on a balanced scorecard across four categories, including:

- Customer perspective
- Internal business perspective
- Financial perspective
- People perspective.

Specific performance measures and stretch targets aligned to QSuper's strategic goals are set by the Board at the commencement of each financial year. Examples of specific performance measures include member financial wellbeing, investment performance, managing operating costs and funds under management, business growth, stakeholder satisfaction, risk management and the engagement of the QSuper workforce.

Each of the performance measures within the balanced scorecard categories operate within defined risk management parameters to align with members' interests and the overall balanced scorecard performance directly influences STI payments.

Performance measures are reviewed on an annual basis and can change year to year to support the achievement of QSuper's strategic goals. Examples of specific performance measures include retirement adequacy, investment performance, managing operating costs and funds under management, business growth, stakeholder satisfaction, and the engagement of the QSuper workforce.

STI deferral commenced in 2016-17 for the Chief Executive Officer (CEO) and all chief officers (excluding CIO) and replaces the LTI scheme as the method of aligning executive reward with the interest of members, managing retention and continuing to encourage a long-term focus and appropriate risk management. As the time horizons of performance measured within the Investments STI plan already reflect the long-term focus, the CIO is not eligible.

Payment outcomes

In addition to the balanced scorecard performance outcomes of the scheme, potential STI payments to participants of both the investment and corporate STI schemes are determined by the Board based on an individual's achievement of minimum threshold performance criteria, relative to role, and agreed standards of behaviour. The QSuper Group values set the behavioural expectation that the Board believes form a foundation for successful performance.

Long-term incentives

Effective 1 July 2016, no new LTI grants will commence and existing LTI grants will continue in accordance with the set schedule and LTI rules with the last grant concluding in September 2018.

Performance conditions in the current LTI scheme are designed to ensure consistency and alignment with QSuper's strategic plan, and the achievement of its longer-term strategic goals. The LTI scheme has three financial/strategic measures and an additional assessment by the Board of the Executive Committee's overall long term performance.

Annual cash grants are determined by the Board and remain at risk during the three year deferral period. Payment of the grant at the end of the three years is subject to an individual's ongoing service and the achievement of the LTI performance conditions under which the grant was made.

Dual-hatting

Key management personnel (KMP) are provided to the QSuper Group including QInsure, by the labour hire entity OneQ.

The relevant entity has determined the compensation of KMP in accordance with their roles within the QSuper Group. Employees are designated as "dual-hatted" where their role requires focus on QInsure specifically. The proportion allocated to Qinsure is set out within a formal letter advising of percentage of remuneration to be borne by QInsure. The following key personnel have been designated as key management personnel of QInsure.

Role	Allocation to QInsure
Chief Executive Officer	25%
Chief Financial Officer	25%
Chief Risk Officer	25%
Chief of People and Transformation	25%
Chief of Member Support and Advice	50% until 29 April 25% from 30 April

Basis for preparation

QSuper remuneration disclosures have been prepared in accordance with Section 29QB (1) of the *Superannuation Industry (Supervision) Act 1993* and Regulation 2.37 of the *Superannuation Industry (Supervison) Regulations 1994* which includes the proportion of compensation allocated to QInsure.

Remuneration disclosures for QSuper executive members who were in the role, for the whole of or part of 2018, are detailed in the following table. Current year annual leave provisions are included in the Cash fixed column.

Executive remuneration[1]

	Short-term employee benefits $			Post-employment benefit $		Long-term benefits $	
Chief officer	Cash fixed[2]	Non-monetary fixed	Cash STI payment[3]	Pension and super-annuation	Long-term incentive (LTI)[4]	Long service leave	Termination benefits
Year ended 30 June 2018							
Michael Pennisi	570,100	10,281	361,309	65,460	-	44,266	-
Kulwant Singh-Pangly	384,324	-	198,282	41,642	-	17,750	-
Anne Finney	275,638	-	143,712	35,839	-	9,362	-
Matthew Halpin	170,445	-	-	17,377	-	9,347	250,181
Brad Holzberger	621,247	-	521,616	23,056	-	18,384	-
Kim Hughes	63,836	-	72,790	4,643	-	3,297	-
Paul Landy	303,563	10,281	166,270	36,632	-	15,708	-
Karin Muller	293,102	-	139,012	31,493	-	5,438	-
Jason Murray	331,172	-	147,446	43,087	-	3,931	-
Year ended 30 June 2017							
Michael Pennisi	519,565	10,499	332,598	76,728	28,410	17,473	-
Kulwant Singh-Pangly	427,208	-	176,400	41,447	25,153	15,707	-
Andrew Baker	247,681	-	-	25,891	-	2,879	-
Anne Finney	279,723	-	111,836	46,134	-	6,622	-
Matthew Halpin	355,745	-	139,841	32,276	9,940	13,088	-
Brad Holzberger	504,141	-	442,068	32,096	-	16,154	-
Paul Landy	326,441	10,499	145,182	30,000	7,721	14,385	-
Karin Muller	295,888	-	154,140	30,650	-	3,024	-
Jason Murray[5]	84,743	-	-	11,753	-	678	-

1 Reporting is in line with accounting standards. **2** Cash fixed remuneration is the total cost of salary, including annual leave, allowances and any salary sacrificed benefits (excluding superannuation which is included in pension and superannuation amounts). In line with accounting standards this may not agree to cash physically paid in the financial year. **3** Accrued during the reporting period (refer to table in STI criteria section for further detail). **4** Accrued during the reporting period (refer to table in LTI criteria section for further detail). **5** Received a sign-on bonus of $35,000 on 10 May 2017 which is in addition to the amounts reported above.

Board remuneration[1]

Remuneration disclosures for Trustees who were in the role for the whole or part of the 2018 financial year are detailed in the table below.

	Short-term employee benefits $			Post-employment benefit $		Long-term benefits $	
Trustee	Cash fixed[2]	Non-monetary fixed	Cash STI payment[3]	Pension and super-annuation	Long-term incentive (LTI)[3]	Other e.g. long service leave	Termination benefits
Year ended 30 June 2018							
Karl Morris (Chairman)	155,000	-	-	-	-	-	-
Michael Barnes[5]	71,986	-	-	4,998	-	-	-
Jeffrey Backen	71,820	-	-	13,342	-	-	-
Stephen Christie	77,890	-	-	7,362	-	-	-
Walter Ivessa	77,500	-	-	7,362	-	-	-
Bede King	51,520	-	-	33,342	-	-	-
Terence Mackenroth	65,875	-	-	6,258	-	-	-
Shayne Maxwell	4,769	-	-	453	-	-	-
Ruth McFarlane[4]	-	-	-	-	-	-	-
Elizabeth Mohle[5]	77,500	-	-	-	-	-	-
Year ended 30 June 2017							
Karl Morris (Chairman)	102,904	-	-	-	-	-	-
Michael Barnes[5]	51,452	-	-	2,444	-	-	-
Jeffrey Backen[5]	51,452	-	-	2,037	-	-	-
Stephen Christie	51,452	-	-	4,888	-	-	-
Walter Ivessa	51,452	-	-	4,888	-	-	-
Bede King	25,472	-	-	30,868	-	-	-
Terence Mackenroth	51,452	-	-	4,888	-	-	-
Ruth McFarlane[4]	-	-	-	-	-	-	-
Elizabeth Mohle[5]	51,452	-	-	-	-	-	-

1 Reporting is in line with accounting standards. **2** Cash fixed remuneration includes Trustee fees (exclusive of GST if applicable) and any salary sacrificed benefits other than superannuation (which is included in pension and superannuation amounts). **3** Trustees do not participate in a Short Term Incentive (STI) scheme or Long Term Incentive (LTI) scheme. **4** In accordance with QSuper policy, Trustees who are active Queensland public sector employees are not entitled to be remunerated for their QSuper Board activities. **5** All Trustees are remunerated personally except Michael Barnes (50/50 individual and Queensland Police Union, up until December 2017), Jeffrey Backen (Queensland Teachers' Union, up until January 2017), and Elizabeth Mohle (Queensland Nurses Union).

No termination or sign on payments were made to Trustees during the financial year. Appointment terms, including remuneration rates, are in accordance with the QSuper Act and approved by the Treasurer.

Short-term incentive scheme

The following table sets out information about the performance related short-term incentive deferral scheme granted to Executive Committee members.

Chief Officer	Financial year the incentive relates to	Grant date	STI incentive amount[5] $	STI deferral amount[3] $	Financial year of STI incentive payment	Paid	% of potential incentive that was paid	% of potential incentive that was forfeited
Michael Pennisi	2018	Sept 2017	274,849	-	2018/2019	26 Sept 2018	76.85%	23.15%
			-	86,460	2020/2021	-	-	-
	2017	Sept 2016	-	66,625	2019/2020	-	-	-
Kulwant Singh-Pangly	2018	Sept 2017	151,395	-	2018/2019	26 Sept 2018	80.38%	19.62%
			-	46,887	2020/2021	-	-	-
	2017	Sept 2016	-	41,579	2019/2020	-	-	-
Anne Finney	2018	Sept 2017	107,784	-	2018/2019	26 Sept 2018	79.66%	20.34%
			-	35,928	2020/2021	-	-	-
	2017	Sept 2016	-	27,959	2019/2020	-	-	-
Matthew Halpin	2018	Sept 2017	-	-	2018/2019	26 Sept 2018	0%	100%
			-	-	2020/2021	-	-	-
	2017	Sept 2016	-	32,721	2019/2020	-	0%	100%[4]
Paul Landy	2018	Sept 2017	127,034	-	2018/2019	26 Sept 2018	76.47%	23.53%
			-	39,236	2020/2021	-	-	-
	2017	Sept 2016	-	34,097	2019/2020	-	-	-
Karin Muller	2018	Sept 2017	104,259	-	2018/2019	26 Sept 2018	78.74%	21.26%
			-	34,753	2020/2021	-	-	-
	2017	Sept 2016	-	38,535	2019/2020	-	-	-
Jason Murray	2018	Sept 2017	110,584	-	2018/2019	26 Sept 2018	74.47%	25.53%
			-	36,862	2020/2021		-	-
Kim Hughes[2]	2018	Sept 2017	72,790	-	2018/2019	26 Sept 2018	41.36%	58.64%
Brad Holzberger[1]	2018	Sept 2017	521,616	-	2018/2019	26 Sept 2018	83.84%	16.16%

1 As the time horizons of performance measured within the Investments STI plan already reflect the long-term focus, the CIO is not eligible for a deferral amount. **2** STI represents pro-rated amount based on date commenced in role during the year. No STI deferral applied in this financial year due to time in role. **3** Payment is held at risk until the end of the two-year deferral period. The deferral amount will be converted into a notional number of units whose performance over the STI Deferral period will reflect the performance of the QSuper GAP Fund. **4** STI deferred amount was forfeited upon resignation. **5** Includes any amounts relating to one-off payments for LTI/STI deferral transition.

Short-term incentive deferral scheme (prior year)

The following table sets out prior year information about the performance related short-term incentive deferral scheme granted to Executive Committee members.

Chief officer	Financial year the incentive relates to	Grant date	STI incentive amount[1] $	Financial year of STI incentive payment	Paid	% of potential incentive that was paid	% of potential incentive that was forfeited
Michael Pennisi	2017	Sept 2016	265,973	2017/2018	27 Sept 2017	71.07%	28.93%
Kulwant Singh-Pangly	2017	Sept 2016	134,821	2017/2018	27 Sept 2017	74.48%	25.52%
Anne Finney	2017	Sept 2016	83,877	2017/2018	27 Sept 2017	68.19%	31.81%
Matthew Halpin	2017	Sept 2016	107,120	2017/2018	27 Sept 2017	63.75%	36.25%
Brad Holzberger[1]	2017	Sept 2016	442,068	2017/2018	27 Sept 2017	72.12%	27.88%
Paul Landy	2017	Sept 2016	111,085	2017/2018	27 Sept 2017	68.78%	31.22%
Karin Muller	2017	Sept 2016	115,605	2017/2018	27 Sept 2017	93.42%	6.58%

1 Includes any amounts relating to one-off payments for LTI/STI deferral transition.

Long-term incentive scheme

The following table sets out information about the performance related long-term incentive scheme granted to Executive Committee members.

Chief officer	Financial year the incentive relates to	Amount granted[1] in financial year $	Date granted	Financial year of potential payment[2]	Amount paid in financial year[2] $	% of potential incentive that was paid	% of potential incentive that was forfeited
Michael Pennisi	2016	75,000	Sept 2015	2018/2019	63,500	84.67%	15.33%
Kulwant Singh-Pangly	2016	38,650	Sept 2015	2018/2019	32,723	84.67%	15.33%
Matthew Halpin	2016	37,330	Sept 2015	2018/2019	-	0%	100%[3]
Paul Landy	2016	32,434	Sept 2015	2018/2019	27,461	84.67%	15.33%

1 This is the maximum possible payment amount and is subject to service and performance criteria being met over three years from the beginning of the financial year it is granted. Payment is held at risk until the end of the three-year performance period. The minimum possible total value of each incentive is zero. The maximum possible total value of each incentive is the amount granted. **2** Payment is held at risk until the end of the three-year performance period. Payment was made 26 September 2018 for the final payment for the long-term incentive scheme. **3** Amount was forfeited upon resignation.

Note 8 Related parties

Transactions with key management personnel

Key management personnel, who are members of QSuper, contribute to QSuper on the same terms and conditions, and are entitled to the same benefits, as other members of QSuper.

There are no other transactions between QSuper and key management personnel other than the compensation transactions disclosed above.

Transactions between QSuper and service providers

QSuper has a 100% ownership interest in QSL. QSL provides superannuation administration, procurement and investment services to QSuper and is paid an administration fee. The administration fee incorporates all administration costs including superannuation administration, cost of running self-insurance, medical costs, strategic and change initiatives, and investment services.

During the financial year, fees paid/payable to QSL and its wholly-owned entities aggregated $257m (2017: $223m).

QSL owns 100% of the ordinary shares of QInsure, QIL, OneQ and QAM. QIL provides financial planning services and is paid a financial planning fee by QSuper. OneQ provides a labour hire service and is paid labour hire fees by QSuper. QAM provides investment services to QSuper. QInsure provides group lump sum (death and total and permanent disability) and group disability (income protection) insurance policies to QSuper.

During the financial year, fees paid/payable to QIL aggregated $3m (2017: $4m), fees paid/payable to OneQ aggregated $82m (2017: $77m), fees paid/payable to QAM aggregated $23m (2017: $22m) and fees paid/payable to QInsure (excluding premiums) aggregated $9m (2017: $0.4m).

Advertising and sponsorship paid by related parties during the financial year was $6m (2017: $3m).

Investments in associated entities

QSL, QSuper Investment Company Pty Ltd, QSuper RE (a Luxembourg company), St Nicholas Car Park Company Ltd and The Bridges Car Park Company Ltd are wholly owned by the QSuper Board as the Trustee for QSuper.

The carrying amount of the investments in these entities approximates fair value and is recorded as an asset on the Statement of Financial Position.

A number of subsidiaries of QSL are also the trustee for the following investment trusts where QSuper is the ultimate beneficiary.

QS International Strategy Trust
QS US Strategy Trust
QSuper Global Private Equity Trust
QS High Duration Bonds Trust
QSuper Term Deposit Trust
QSuper Global Real Estate Trust
QSuper Global Real Estate Debt Trust
QSuper Investment Company Pty Ltd
QSuper Global Infrastructure Trust
QSuper Global Infrastructure Debt Trust
QSuper European Infrastructure Trust
QSuper US Infrastructure Trust
QSuper US Infrastructure Trust No.2 (Open)
QSuper US Infrastructure Trust No.3
QS US Infrastructure Trust No.4
QS Ports Trust No.1A
QS Ports Trust No.1B
QS NZ Power Trust No.2
QS Infrastructure Mandate No.2B Trust
QS US Real Estate Trust No.3
QSuper Diversified Alternatives Trust
QSuper Diversified Alternatives Trust No.2
QS Diversified Alternatives Trust No.3
QSuper Long Term Risk Hedging 10 Trust
QSuper Long Term Risk Hedging 20 Trust
QSuper US RE Trust No. 1
QS US Real Estate Trust No.2
QS Global Real Estate Trust No.2
QS Diversified Infrastructure Fund No.1
QSuper Australian Infrastructure Equity Trust
QSuper Australian Infrastructure Equity Trust No. 2
QSuper Australian Infrastructure Equity Trust No. 3
QSuper Investments Trust
QSuper Investments Trust No.2
QSuper NZ Infrastructure Equity Trust
QS Infrastructure Mandate No.2 Trust
QS Infrastructure Mandate No.2A Trust
QS Infrastructure Mandate No.1B Trust
QSuper UK Infrastructure Trust No.1
QS Australian Infrastructure Equity Trust No. 4

Note 9 Financial instruments

Overview

The investments of QSuper are managed on behalf of the Board by appointed managers. Each investment manager is required to invest the assets managed by it in accordance with the terms of a mandate. The Board or its delegate has determined that the appointment of these managers is appropriate for QSuper and is in accordance with QSuper's investment strategy.

The majority of investments of QSuper are held in custody on behalf of the Board by State Street Australia Limited (SSAL) who acts as the custodian.

QSuper has investments in a variety of financial instruments, including derivatives, which expose QSuper to market risk, credit risk, and liquidity risk. The main purpose of these financial instruments is to obtain exposure to specific asset classes in accordance with investment strategies. QSuper also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations; these are current in nature. Risks arising from holding financial instruments are inherent in QSuper's activities.

QSuper's activities expose it to a variety of risks, both financial and non-financial. QSuper has a Risk Management Framework in place to monitor, address and report on these risks. QSuper's Board is responsible for the risk management framework and is also responsible for the oversight of its operation by management. The risk management framework is approved and subject to annual review by the Board. The Risk Management Framework is approved and subject to annual review by the Board. Supporting the Risk Management Framework are the Risk Appetite Statement and the Risk Management Strategy documents.

The risk management strategy outlines 18 material risks, including operational, investment, financial and strategic risks.

The Board reviews and agrees on policies for managing each of these risks and may establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.

The Board recognises that sound and prudent risk management is an integral part of its good governance practice. Risk management policies are established to identify and analyse the risks faced by QSuper, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and QSuper's activities.

The Audit & Risk Committee (ARC) assists the Board in discharging its governance and administrative responsibilities. The ARC's role encompasses reviewing the management of risk, including overseeing the material risks and ensuring appropriate internal controls are in place to address those risks; monitoring the compliance of QSuper with legislative requirements; reviewing internal and external audit findings and monitoring the implementation of audit recommendations; and reviewing financial statements.

The Investment Committee provides assistance to the Board in discharging its investment oversight in relation to QSuper. The principal duties and responsibilities of the Committee include recommending to the Board the investment objectives for QSuper and its various member investment options; recommending to the Board the investment policy for QSuper; monitoring investment performance, including the performance of investment managers; and discussing investment issues with the Board, QSuper management, and independent advisers, if and when the need arises.

The Board also seeks information and advice from the Investment Committee on the performance of the individual asset classes of QSuper's investments (and may also seek independent advice from other qualified persons) so as to form an opinion on the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment for QSuper.

A sensitivity analysis has been prepared for different market factors using reasonably possible changes in risk variables.

These variables are based on the various indices applicable to the underlying assets of the unit trusts, which have been determined by QSuper's custodian, SSAL. QSuper has reviewed these variables and considers them appropriate for use in the sensitivity analyses, which have been performed on a before-tax basis and are individually examined in the risk factors below.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates and interest rates. Market risk is managed through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Controls for managing market risk of derivatives are embedded within QSuper's capital markets process as defined within its policies, guidelines and procedures.

Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer, or factors affecting all instruments in the market. QSuper is exposed to price risk through listed and unlisted investments, including equity, infrastructure and property investments. As QSuper's financial instruments are valued at fair value, with changes in fair value recognised in the Income Statement, all changes in market conditions can directly affect investment revenue.

QSuper's exposure to price risk is determined by the fair value of the financial instruments. Price risk is mitigated by QSuper's diversified portfolio of investments in accordance with the investment strategy approved by the Board. The Board monitors QSuper's performance on an ongoing basis to ensure that the investment strategy is not breached.

Sensitivity analysis

In accordance with *AASB 7 Financial Instruments: Disclosure*, the sensitivity analysis is based on historical data over the past five years and reasonably possible investment return movements by asset class during the financial year.

Sensitivities used	2018	2017
Equities	13%	13%
Real Estate	12%	12%
Infrastructure	19%	19%
Diversified Alternatives	5%	7%

The increase/(decrease) in the market price against the investments of QSuper at 30 June would have increased/(decreased) the amount in operating result from superannuation activities by the amounts shown below. This analysis assumes that all other variables in particular, interest rates and foreign exchange rates remain constant. The analysis is performed on the same basis for 2018 whereby the assets which are applied are the non-interest bearing instruments and are not guaranteed. Asset classes are consistent with information provided internally to key management personnel.

Sensitivity of price risk and changes on net assets	%	(Decrease) $m	Increase $m
30 June 2018			
Equities	13	(2,728)	2,728
Real Estate	12	(604)	604
Infrastructure	19	(1,751)	1,751
Diversified Alternatives	5	(189)	189
30 June 2017			
Equities	13	(2,468)	2,468
Real Estate	12	(489)	489
Infrastructure	19	(1,572)	1,572
Diversified Alternatives	7	(310)	310

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

QSuper holds assets denominated in currencies other than the Australian dollar (AUD), QSuper's functional and presentation currency. QSuper is therefore exposed to foreign exchange risk, as the value of the securities and future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

As part of QSuper's risk management strategy, QSuper uses derivative contracts such as forward foreign exchange contracts to convert some or all of QSuper's currency exposures back into Australian dollars in line with QSuper's Investment Policy Statement (IPS), to reduce foreign exchange risk. In certain instances, foreign currency exposures are obtained for member options which are based on established investment objectives. QSuper's overall exposure to foreign exchange risk is however, less significant, after taking into account forward currency contracts. The currency hedges in place to mitigate foreign exchange risk are independently monitored daily to ensure they are in line with QSuper's IPS.

Net foreign currency exposure at 30 June 2018 was $5,459m (2017: $4,136m) with the largest exposure being to the US dollar.

The foreign exchange risk disclosures have been prepared on the basis of QSuper's direct investment and on a look through basis for the investments held indirectly through unit trusts.

Consequently the disclosure of foreign exchange risk in the note represents the total net foreign exchange exposure.

Sensitivity analysis

A 10% increase or decrease in possible foreign currency exchange rates will not have a material impact on the net assets of QSuper.

Interest rate risk

Interest rate risk refers to the effect on the market value of or the cash flows generated from QSuper's assets and liabilities due to fluctuations in interest rates. The value of QSuper's assets is affected by short term changes in nominal and real interest rates.

QSuper has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly. QSuper may use derivatives to hedge against unexpected increases in interest rates.

Interest rate risk disclosures have been prepared on a basis of QSuper's direct investment and on a look through basis for the investments held indirectly through unit trusts. This includes Fixed Income and Cash asset classes.

Sensitivity analysis

A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates. As at 30 June 2018 a 100 basis point movement would have a $2,934m (30 June 2017: $2,308m) impact on the net assets of QSuper.

The interest rate risk sensitivity disclosure comparative balance has changed by $852m due to a detailed review of the investments subject to interest rate risk performed during the year.

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause QSuper to incur a financial loss.

QSuper is exposed to credit risk primarily through its investments in debt securities, trading derivative products, deposits held with banks, and receivables. With respect to credit risk arising from the financial assets of QSuper, other than derivatives, QSuper's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of investments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from investments is moderated through prudential controls imposed on all investment managers under the terms of their mandates. QSuper uses a number of risk mitigation tools, including, Credit Support Annexures (CSA), imposing counterparty credit limits, and International Swaps and Derivatives Association (ISDA) agreements to mitigate counterparty risk for over-the-counter derivative instruments. These are reviewed by the Board on a regular basis as deemed appropriate. In addition to this, an initial and ongoing due diligence of each counterparty's organisational integrity, systems capability, operational performance, and competence is undertaken.

QSuper may use derivative contracts to manage its exposure to credit risk in accordance with approved investment strategies. The fair value of credit related derivatives held at 30 June 2018 was immaterial.

In addition, for cash and derivative investments, QSuper manages credit risk by dealing with highly rated counterparties and where appropriate, ensuring collateral is maintained.

Credit risk associated with receivables is considered low as this is mainly comprised of dividends, distributions and interest receivable on investments.

The carrying amount, as shown on the Statement of Financial Position, of QSuper's financial assets best represents the maximum credit risk exposure at the reporting date.

Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities. These similarities could cause the counterparties' capabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are managed by the Investment team within prescribed limits and monitored by the Investment Committee to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Counterparty limits are imposed to manage and control associated exposures to individual counterparties. Concentrations of risk at asset class level are managed by a number of different controls, which include exposure limits placed at security type, issuer, industry and geographical levels. Additional controls are in place for derivatives and QSuper's exposure is monitored daily with the unrealised profit and losses aggregated by counterparty.

Liquidity risk

Liquidity risk is the risk that QSuper may not be able to generate sufficient cash resources to settle its obligations in full as and when they fall due, or can only do so on terms that are materially disadvantageous. QSuper is therefore exposed to the liquidity risk of meeting members' withdrawals at any time and switching of member's balances to a different investment choice option.

The following are the contractual maturities of financial liabilities. The contractual maturity of QSuper's derivatives are based on undiscounted cashflows:

30 June 2018	Less than 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	5+ years $m	Fair value $m
Financial liabilities						
Vested benefits	100,159	-	-	-	-	100,159
Trade and other payables	172	-	-	-	-	172
Payables for investments purchased	8	-	-	-	-	8
Total undiscounted financial liabilities (excluding derivatives)	**100,339**	**-**	**-**	**-**	**-**	**100,339**
Net settled derivatives						
Fixed interest futures	(7)	(41)	-	-	-	(48)
Forward foreign exchange contracts	(186)	(193)	(49)	-	-	(428)
Swaps and warrants	-	-	-	15	-	15
Total undiscounted derivatives inflow/(outflow)	**(193)**	**(234)**	**(49)**	**15**	**-**	**(461)**

30 June 2017	Less than 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	5+ years $m	Fair value $m
Financial liabilities						
Vested benefits	92,968	-	-	-	-	92,968
Trade and other payables	157	-	-	-	-	157
Payables for investments purchased	44	-	-	-	-	44
Total undiscounted financial liabilities (excluding derivatives)	**93,169**	**-**	**-**	**-**	**-**	**93,169**
Net settled derivatives						
Fixed interest futures	(15)	(12)	-	-	-	(27)
Forward foreign exchange contracts	(29)	4	124	-	-	99
Swaps and warrants	-	-	17	-	20	37
Total undiscounted derivatives inflow/(outflow)	**(44)**	**(8)**	**141**	**-**	**20**	**109**

QSuper's financial instruments include unlisted investments that are not traded in organised public markets and may be illiquid. As a result, QSuper may not be able to liquidate quickly some of its investments at an amount close to fair value in order to meet its liquidity requirements. As the value of these investments is monitored to comply with the asset allocation stipulated in QSuper's investment strategy, this risk is considered minimal. QSuper's listed securities are considered to be readily realisable as they are all listed on recognised stock exchanges around the world.

In addition, QSuper maintains sufficient cash and short-term deposits to meet normal operating requirements. Derivatives are only used if there is sufficient cash and short term deposits in QSuper to back the derivative exposure at all times by ensuring asset allocations are within the Product Disclosure Statement (PDS) and operational ranges.

Securities lending

QSuper entered into a securities lending arrangement with State Street Bank and Trust Company on 2 July 2013, under which legal title to some of QSuper's assets (principally Australian and international equities) may be transferred to another entity. The securities are loaned by State Street Bank and Trust Company, as agent of QSuper, to certain brokers and other financial institutions (the 'Borrowers'). The Borrowers provide cash or securities as collateral against loans in an amount between 100.1% to 110.0% of the fair value of the loaned securities (2017: 100.1% to 110.0%).

The total net fair value of assets subject to securities lending arrangements at the end of the year amounts to $19,202m (2017: $16,075m). The total value of securities on loan at 30 June 2018 which are recognised as an asset in the Statement of Financial Position, amounted to $438m (2017: $353m).

During the year ended 30 June 2018, the gross earnings on securities lending collateral were $9m (2017: $5m). These amounts were received and paid on behalf of QSuper and have been recognised in the Income Statement.

During the year ended 30 June 2018, QSuper paid fees to the State Street Bank and Trust Company in the amount of $1.9m (2017: $1.1m) for acting as lending agent. The risks and benefits of ownership of the loaned assets remain with QSuper.

State Street Bank and Trust Company, as lending agent, indemnifies QSuper for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a borrower default on a security loan. The value of the collateral held as at 30 June 2018 is $466m (2017: $378m).

Note 10 Member liabilities and funding arrangements

Defined benefit arrangements

Standard members' contributions are made to QSuper at a rate ranging from 2% to 11.5% (2017: 2% to 11.5%) of members' salaries. Employing authorities are required to remit Defined Benefit employer contributions (excluding salary sacrifice contributions) to Queensland Treasury. These contributions are accumulated in a reserve, managed by the QIC on behalf of the Queensland Government ('Employer Fund'), which is maintained to finance the State's future liability for the employer component of all defined benefits. The Queensland Treasurer, on advice from the Queensland State Actuary, determines the rate of employer contributions.

Funding from the Employer Fund may be in the form of last minute funding received at the time the benefit is paid (as described in the *Superannuation (State Public Sector) Act 1990* and in various sections of the *Superannuation (State Public Sector) Deed 1990)*. Alternatively, the *Superannuation (State Public Sector) Act 1990* allows the transfer of amounts from the Employer Fund to QSuper in circumstances and at times other than funding the immediate payment of benefits. Transfers occurred monthly and amounted to $1,700m for 2018 (2017: $1,668m). The QSuper Defined Benefit account has been underwritten to provide the members of the closed Voluntary Preservation Plan (VPP), a capital guarantee that the earning rate for a full financial year will not be negative. In return for this capital guarantee, VPP members are levied a premium on 30 June each year. The accumulated premiums levied to 30 June 2018 (net of reimbursements) are $9m (2017: $9m). On 12 November 2008, the QSuper Defined Benefit account was closed to new members.

Employer-sponsor receivable

As defined benefits become payable, the full cost is met by QSuper, with the Employer Fund contributing the employers' share of these benefits. Under AASB 1056, the difference between the value of the accrued benefits at 30 June 2018 and net assets held by QSuper is recognised as an employer-sponsor receivable. A summary of the employer-sponsor receivable is as follows:

	2018 $m	2017 $m
Value of defined benefit liability (net of contributions tax)	28,091	27,507
Less defined benefit assets held by QSuper	(6,443)	(5,733)
Net receivable from Queensland Government	**21,648**	**21,774**

The difference between the net receivable of $21,648m (2017: $21,774) as recorded on the Statement of Financial Position and the gross value of the defined benefit liability of $25,173m (2017: $25,318) as reported by the employer sponsor represents the value of accrued contributions tax.

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that QSuper is presently obliged to transfer to members or their beneficiaries in the future as a result of membership up to the end of the reporting period.

Defined contribution member liabilities

Defined contribution member account balances are measured using unit prices determined by the QSuper Board based on the underlying investment option values selected by members.

Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash flows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due. The amount reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

Internal transfers

Internal transfers disclosed on the Statement of Changes in Member Benefits represent transfers out of member balances from defined benefits to defined contribution accounts for individuals who no longer qualify for inclusion in a defined benefits scheme.

The last actuarial review of QSuper was conducted as at 30 June 2018 by the State Actuary, Mr W H Cannon BSc(Hons) GradDipAppFin FIAA GAICD. The value of accrued benefits excluding accrued contributions tax as at that date was $28,091m (2017: $27,507m).

Key estimates

QSuper uses sensitivity analysis to monitor the potential impact of changes to key assumptions underlying the liability. QSuper has identified three assumptions (gross discount rate, price inflation and the rate of salary adjustment) that would have a material impact on the amount of the defined benefit member liabilities.

Discount rate

The assumed gross discount rate has been determined by reference to the annually convertible yield of a notional duration matched government nominal bond at the relevant date. This represents the expected return of an asset pool that would yield the future net cash flows underpinning the liability, recognising that the defined benefit assets within QSuper represent a minority portion, with the balance met by the risk-free Government guarantee. The State Actuary has recommended the use of this rate. An alternative position would be to utilise an expected portfolio return rate that the scheme actuary assumes will be generated from the overall investment of assets held to fund the liability. This rate is 5.75% (2017: 5.5%) and the application of this rate would reduce the liability and corresponding receivable from the Queensland Government by $6,131m (2017: $5,341m).

Price inflation

The assumed price inflation adjustment has been determined by reference to the difference between yields on nominal and inflation linked bonds of similar duration to the defined benefit liabilities.

Salary inflation

The assumed annual salary adjustment has been determined by reference to estimates of historical and prospective real salary growth.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which reasonably possible changes would not be expected to have a material effect, include resignations, retirement and mortality rates.

The following table shows the sensitivity to the material assumptions as at 30 June 2018:

Assumption	Assumed at reporting date	Change	(Increase)/decrease in Defined Benefit member benefit liability ($m)
Gross discount rate	2018: 2.6% (2017: 2.7%)	2018: +1.0% (2017: +1.0%)	2018: 2,146 (2017: 2,106)
Price inflation	2018: 2.1% (2017: 2.0%)	2018: +1.0% (2017: +1.0%)	2018: (150) (2017: (149))
Salary inflation	2018: 3.1% (2017: 3.0%)	2018: +1.0% (2017: +1.0%)	2018: (2,262) (2017: (2,235))

Note 11 Vested benefits

Vested benefits are benefits that are not conditional upon continued membership of QSuper (or any factor other than resignation from the scheme) and include benefits which members were entitled to receive had they terminated their QSuper membership as at the reporting date. This amount has been estimated using actuarial assumptions from the most recent actuarial valuation of QSuper as at 30 June 2018.

	2018 $m	2017 $m
Vested benefits (discount rate underlying member liabilities)	100,159	92,968
Vested benefits (discount rate based on expected return for funding purposes)	97,748	90,677

Trustees' statement

For the year ended 30 June 2018

In the opinion of the QSuper Board:

1. The accompanying financial statements of QSuper are properly drawn up so as to present a true and fair view of the financial position of QSuper as at 30 June 2018, the Income Statement for the year ended 30 June 2018, the Statements of Changes in Member Benefits, Changes in Reserves, Cash Flows and notes to the financial statements for the year ended on that date; and

2. The accompanying financial statements have been drawn up in accordance with Accounting Standards in Australia.

Signed in accordance with a resolution of the QSuper Board (ABN 60 905 115 063)

Karl Morris

Chairman

Michael Pennisi

Chief Executive Officer

Brisbane
27 September 2018

Deloitte.

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Independent audit report

Report by the RSE Auditor to the members QSuper (A.B.N. 60 905 115 063)

Opinion

We have audited the financial statements of QSuper for the year ended 30 June 2018 comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Reserves and Statement of Cash Flows.

In our opinion, the financial statements present fairly, in all material aspects, in accordance with Australian Accounting Standards the financial position of QSuper as at 30 June 2018 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2018.

Basis for opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the trustees for the Financial Statements

The RSE's trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustees are also responsible for such internal control as the trustees determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

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Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from frau d is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Concluded on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner

Chartered Accountants
Brisbane, 27 September 2018

Appendix A: Glossary

Term	Meaning
AASB	Australian Accounting Standards Board
APRA	Australian Prudential Regulation Authority
ARC	Audit and Risk Committee
ASIC	Australian Securities and Investments Commission
Board	QSuper Board
CEO	Chief Executive Officer
CIO	Chief Investment Officer
CSA	Credit Support Annexures
DB	Defined Benefit
DC	Defined Contribution
FIRG	Financial Industry Remuneration Group
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GST	Goods and Services Tax
IBNR	Incurred but not reported
IFRS	International Financial Reporting Standards
IPS	Investment Policy Statement
ISDA	International Swaps and Derivatives Association
KMP	Key Management Personnel
LTI	Long Term Incentive
NAV	Net Asset Value
NCD	Negotiable Certificate of Deposit
OneQ	One QSuper Pty Ltd
ORFR	Operational Risk Financial Requirement
PDS	Product Disclosure Statement
QAM	QSuper Asset Management Pty Ltd
QIL	QInvest Limited
QIN	QInsure Limited
QSL	QSuper Limited
QSuper	Formerly known as State Public Sector Superannuation Scheme
QSuper GAP Fund	QSuper Growth Asset Pool – distinct internal portfolio
SIS Act	*Superannuation Industry (Supervision) Act 1993*
SSAL	State Street Australia Limited
STI	Short Term Incentive
TPD	Total and Permanent Disablement (includes terminal illness as a subset)

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