

2019 Annual Report

Issued: October 2019

QSuper acknowledges the Traditional Owners of this land, recognising their connection to land, waters, and community.

We pay our respects to Australia's First Peoples, and to their Elders past, present, and future.



This artwork was developed by Jenna Lee, Larrakia Artist, as one of the Gilimbaa team's lead artists. The reconciliation wildflower represents the member being at the heart of everything QSuper does, as well as QSuper's commitment to reconciliation. Learn more about our artwork and initiatives at qsuper.qld.gov.au/reconciliation



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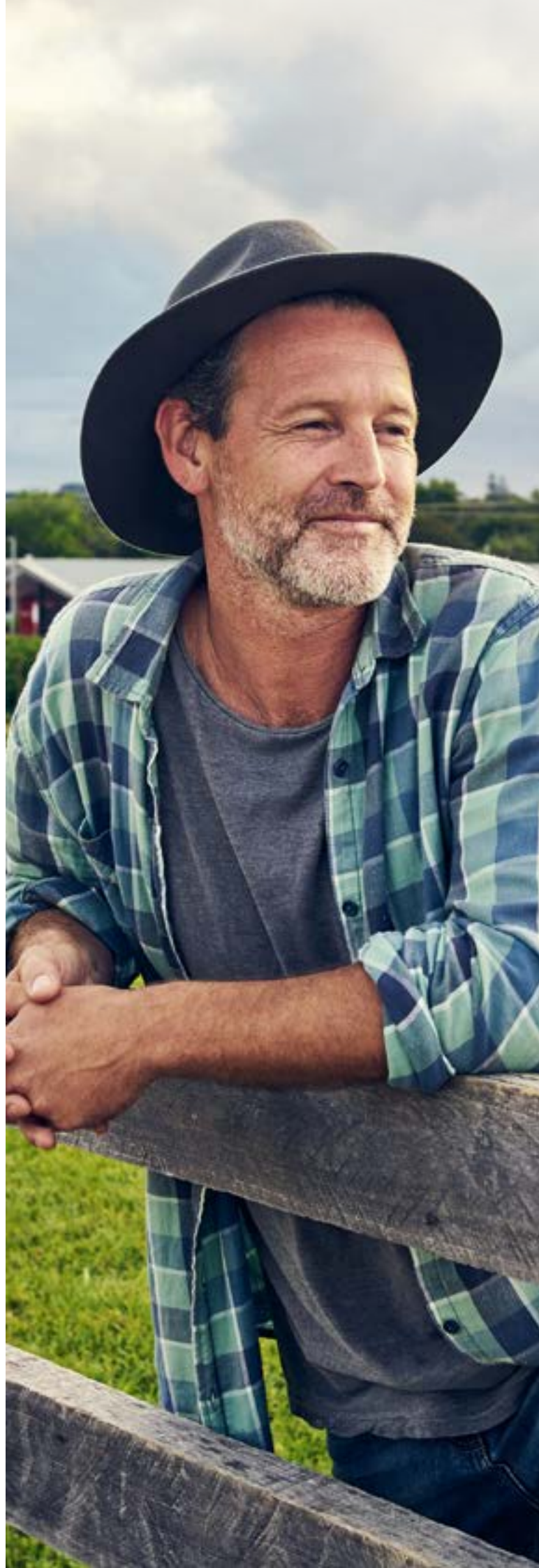
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Our story

As one of Australia's largest and oldest superannuation funds, QSuper is different, in a positive way. We believe our members' superannuation should not be for shareholder profit and today, we collectively administer more than \$113 billion¹ in retirement savings for more than 585,000 Australians. As a profit-for-members superannuation fund, our aim is to do everything we can for our members, including working hard to maximise their retirement outcomes through our unique investment strategy options and striving to keep fees as low as possible.

We offer a range of products and services² to help secure our members' future financial wellbeing. This includes Australia's best seminar program,³ access to personal advice at no additional cost,⁴ and insurance members can tailor to meet their needs.

¹ Net assets include the retirement funds managed by QSuper and employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. ² Eligibility conditions apply. ³ Of all the brands surveyed, QSuper received the highest rating on financial seminars in the 2018 Superannuation Consumer Recommendation and Loyalty Study (Engaged Strategy 2018) using the Net Promoter Score, in conjunction with customer experience, loyalty and brand metrics. More information and methodology available at engagedstrategy.com.au ⁴ QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. For Income and Accumulation account members who receive personal financial advice from QInvest, the QSuper Board may pay for some or all of the advice fee for advice related to their QSuper benefit. Eligibility conditions and advice fees may apply. Refer to the *Financial Services Guide* for more information.



When you focus on members, awards come as no surprise



For further ratings information, see the back cover.



The Chairman's report



Karl Morris AO

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

The importance of solid long-term investment returns

In recent months, QSuper's Balanced investment option has been in the media after being named the top-performing growth option for the 12 months to 30 June 2019. I am, however, much prouder that QSuper's Balanced option was also recognised as one of the industry leaders for 10-year performance for its investment category – after all, superannuation is a lifetime investment.¹

This latter accomplishment is particularly significant because QSuper has achieved this without significant swings in year-by-year performance. Rather than exposing members' retirement savings predominantly to share market ups and downs, QSuper's Balanced option provides a more even spread of risks by reducing the option's equity exposure and increasing risks (and return potential) from other asset classes. QSuper's aim isn't to be the best-performing fund in any one year; it is for members to have the best lifestyle they can achieve in retirement.

Working for your best retirement

We strive to deliver strong long-term returns and security for our members through both their working and retired life, so that they can feel confident about their retirement outcomes. The QSuper Income account has won a suite of awards this year, including Chant West Pension Fund of the Year 2019 and Money magazine Best of the Best 2019 – Best Pension Fund Manager, which is proof we are focused on the right things for our members in retirement.²

One of the ways QSuper continues to build member trust and confidence is through our diversified investment strategy, which differs substantially from other superannuation funds.³ Where possible we highlight these differences to members, and this year we hosted the CEO of Heathrow Airport John

Holland-Kaye, at a member event to give insight into our holding⁴ in this world-class infrastructure business.

Heathrow Airport is QSuper's largest infrastructure investment, owning an 11% share. More than 250 QSuper members attended the event to learn about the investment and many more tuned in via live stream on our website.

Events such as this, along with our Annual Investment Update, are valuable forums to bring our members together with their Fund.

I am also pleased to share that QSuper members were ranked the highest for member satisfaction for financial performance with superannuation products.⁵ The satisfaction of our members is paramount and we will continue to work hard to drive further improvements for our members in the year ahead.

Thank you to the QSuper Team

On behalf of the Board, I extend my sincere thanks to both the executive and the QSuper Team for their commitment to continually improve the retirement wellbeing of our members today and into the future.

I thank outgoing QSuper Trustees Jeff Backen and Bede King for their dedicated service as valued members of the QSuper Board for four years and five years respectively. On behalf of the Board, I also extend a welcome to new Trustees Kate Ruttiman and Sandra McCullagh.

The QSuper Board values the trust you have shown in us in allowing QSuper to look after your retirement savings.

Karl Morris AO

¹ Past performance is not a reliable indicator of future performance. QSuper's Accumulation account, Balanced option only, ranked fourth for 10-year returns. The Chant West data is based on information provided by third parties that is believed to be accurate at 30 June 2019. Based on the returns of investment options in Chant West's Growth universe over the period to 30 June 2019 with returns reflected after investment fees and tax. Chant West's *Financial Services Guide* is available at chantwest.com.au

² QSuper's Income account won a number of awards for 2019. Find out more at qsuper.qld.gov.au/awards ³ QSuper's diversified investment strategy for our Lifetime, Balanced, Moderate, and Aggressive options is different to the rest of the industry as we aim for strong long-term returns with less volatility risk. This is achieved by investing across a wider range of assets, rather than relying heavily on the share market, as many other funds do. ⁴ Applies to our Lifetime, Balanced, Moderate, and Aggressive options only. ⁵ Roy Morgan, Superannuation Satisfaction: Satisfaction with Financial Performance of Superannuation in Australia, 6 months to April 2019, n=16,649, Base: Australians aged 14+ with work-based or personal superannuation. 15 largest super funds based on customer numbers.

The CEO's report



Michael Pennisi

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

Growing to benefit members

Our number one priority is to support our more than 585,000 members and give them confidence in their future retirement wellbeing. We have been proudly doing this and continuing to grow the Fund for their benefit for more than 100 years.

We know that the continued support of our members is critical to our success and I'm pleased to share that this year our members have made us Australia's most recommended superannuation brand for the second year in a row.¹ Looking forward to 2019-20, we will maintain a focus on looking after our members' retirement nest eggs, on continuing to attract and secure global leading investments, and keeping our fees as low as possible.

Industry-leading investment returns

Our products, services, and performance have also continued to win awards, which is validation that we're delivering our promise to our members. QSuper's Balanced option was named Australia's equal top-performing growth option for the 12 months to the end of June 2019, and one of the best 10-year performers to June 2019.² Roughly 10 years since the bottom of the global financial crisis, this result demonstrates QSuper's differentiated investment approach and focus on delivering strong returns with less volatility for members.

Technology uplift

This year we also successfully delivered the biggest technology transformational program in QSuper's history. This investment in technology and capability is a key enabler in uplifting efficiency, member services, and engagement through our frontline services and digital channels. Creating a better technological foundation enables us to focus on helping our members achieve their best retirement outcomes and

provide them easy access to the products and services they need. It also allows us to respond quickly and effectively to changes in the regulatory environment.

Digital enhancements for our members

New online capabilities have also been introduced, including the ability to perform a real-time instant search for any potentially 'lost' superannuation. This has helped reunite more than 25,000 members with \$908 million in funds. We also digitised a number of our key forms, including our *Make a Binding Death Benefit Nomination* form. Member satisfaction with the new digitised process nearly doubled in the last half of the financial year, testament that we are better servicing the needs of our members. Further, we invested more broadly in our phone and digital channels, and refreshed our website to ensure information is relevant, available, and easy to find.

Advice with members' best interests at heart

Finally, we understand that no two individuals' financial needs are the same and so this year launched a new two-appointment QInvest advice model for face-to-face advice. This will help to better understand clients' financial goals and build a financial plan that meets their needs now and into the future.

Future focus

I look forward to leading the QSuper Team through the next 12 months of activity to help our members achieve their very best retirement wellbeing.

Michael Pennisi

¹ Engaged Strategy, September 2018 Superannuation Consumer Recommendation and Loyalty Study. Survey of more than 1,700 Australians, using the Net Promoter Score framework, in conjunction with customer experience, loyalty, and brand metrics. More information and methodology available at engagedstrategy.com.au ² QSuper's Balanced option was ranked fourth for 10-year returns. Chant West media release, 17 June 2019. Past performance may not be a reliable indicator of future performance. The Chant West data is based on information provided by third parties that is believed to be accurate at 30 June 2019. Returns reflected after investment fees and tax. Chant West's *Financial Services Guide* is available at chantwest.com.au

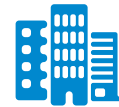
Our fund in 2018-19





585,000
members



\$113 billion
funds under administration¹



39,250
employers across Australia
contributed to QSuper

64% female  **36%** male 

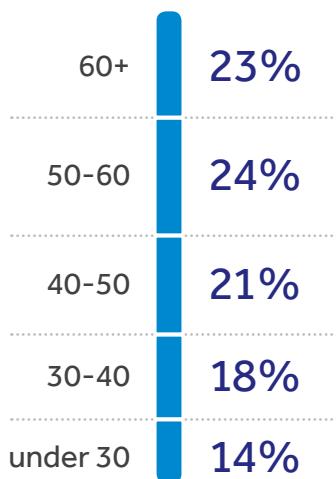


Australia's top-performing
growth option for 1-year
investment performance²



159,500
members called our
Member Services team

Age



An industry-leader in 10-year
investment performance²



More than **7,400**
calls to our Employer
Solutions and Support team



4x
rated Australia's best
Income account³



293,000
members managed their
super via Member Online



Australia's best
seminar program⁴

↑ 27%

social media
engagement in 2018-19

¹ Net assets include the retirement funds managed by QSuper and employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. ² Past performance may not be a reliable indicator of future performance. QSuper's Accumulation account, Balanced option only, ranked fourth. The Chant West data is based on information provided by third parties that is believed to be accurate at 30 June 2019. Returns reflected after investment fees and tax. Chant West's *Financial Services Guide* is available at chantwest.com.au. ³ Visit qsuper.qld.gov.au/awards. Ratings, awards, or investment returns are only one factor to consider when investing your super. Past performance may not be a reliable indicator of future performance. ⁴ Of all the brands surveyed, QSuper received the highest rating on financial seminars in the 2018 Superannuation Consumer Recommendation and Loyalty Study (Engaged Strategy 2018) using the Net Promoter Score, in conjunction with customer experience, loyalty, and brand metrics. More information and methodology available at engagedstrategy.com.au

QSuper in the community

As one of Australia's oldest and largest superannuation funds, we work to positively influence and advocate for Australians' retirement wellbeing. Below are some examples of QSuper's community focus over the past 12 months.

Connecting Aboriginal and Torres Strait Islander people with their super

Many Aboriginal and Torres Strait Islander people face significant and unique barriers that may prevent access to their super. To counter this, QSuper actively engages with these communities to help break down these obstacles, and provide fair and equitable access to their super.

In July 2018, QSuper supported the Big Super Day Out by holding a number of outreach events in Queensland Aboriginal and Torres Strait Islander communities to help connect people with their super, regardless of their super fund.

In just three days in Cape York alone, 195 Aboriginal and Torres Strait Islander people were connected with more than \$3.5 million in super belonging to them.

Through various other outreach efforts, we also reunited QSuper members and their kin with more than \$1 million in super benefits across five postcodes from Cairns through to the far north reaches of Queensland and surrounding islands. We also located the beneficiaries of deceased QSuper members and paid them over \$1.3 million in benefits.

Tackling domestic and family violence in our communities

This financial year we also strengthened our commitment to support the extraordinary work many of our members do in their frontline roles, and mirror the value they place on serving and improving the welfare of the community.









With so many of our members supporting victims of domestic violence in their roles as police, nurses, emergency services workers, teachers, and child safety and legal officers, we are proud to once again stand shoulder-to-shoulder with Queensland's leading crisis response service to domestic and family violence, DVConnect. In 2018-19, we have:

- Funded an additional full-time support officer, meaning an extra 4,000 calls a year can be answered to meet the safety needs of anyone affected by domestic and family violence anywhere in the state
- Continued our support of DV Work Aware – a program delivering practical knowledge and advice on recognising and supporting domestic violence victims in their workplace
- Run DV training sessions for our own employees. This has helped foster awareness and an internal culture of domestic violence support and awareness. Our own employees have even fundraised more than \$8,500 for DVConnect throughout the year
- Provided support and volunteers (including our own staff) at DVConnect events.

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 account¹

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.	

¹ Only available to Accumulation account members.

Diversified



Moderate

Suitable for investors who want short to medium-term stability and some exposure to assets that will potentially give higher 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 Responsible¹

Suitable for medium to long-term investors who want an investment that considers environmental, social, and ethical considerations. 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 Bonds²

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 option³

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 watchlists 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. ³ Only available to Accumulation and Retirement Income account members.

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 2018-19 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.



Karl Morris AO
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 of Australia

Mr Morris is Executive Chairman of Ord Minnett Limited with a career spanning over 30 years in financial services and wealth management.

Mr Morris is Chairman of the Brisbane Broncos. He is also the chair of Griffith University Foundation Board and Bravehearts Foundation Fund. His other Board memberships include: Director of RACQ, and Gallipoli Medical Research Foundation, Board Member of JP Morgan Australia Advisory Council, the Financial Sector Advisory Council, and the Archdiocese of Brisbane Catholic Foundation, National Vice Patron of Bravehearts, and Governor of the University of Notre Dame Australia.

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



Ruth McFarlane
Trustee

Senior Delegate,
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 Application Specialist (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 Audit & Risk 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 Remuneration and Audit & Risk Committees.



Kate Ruttiman
Trustee

Deputy General Secretary,
Queensland Teachers' Union

- Bachelor of Arts
- Graduate Diploma of Education (Secondary)
- Certificate in Super Essentials (ASFA)

Ms Ruttiman has been Queensland Teachers' Union (QTU) Deputy General Secretary since 2010 and is QTU's lead enterprise bargaining negotiator, having worked on the performance review models, joint statements, and basic guides. Ms Ruttiman is also a member of the Queensland Work Health and Safety Board and has previously been a Board member of Teachers' Union Health and the Southbank Institute of TAFE.

Ms Ruttiman is also a Member of the Australian Institute of Company Directors and a member of the Queensland Council of Unions Executive.

Ms Ruttiman was appointed to the QSuper, QSuper Limited, and QInvest Limited Boards in December 2018 and is currently a member of the Remuneration and Audit & Risk 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.



Steve Christie
Trustee

Financial Services Professional

- Certified financial planner
- Tax (Financial) Adviser
- PhD in Applied Finance
- Master of Applied Finance
- Master of Laws
- Bachelor of Laws (Honours)
- Bachelor of Commerce

Dr Christie has worked in the investment and finance industry since 1995 and is currently a Principal of Portum Private Wealth, where he is a financial and investment adviser.

He was previously a Director and Chair of the Investment Committee of the Australian Catholic Superannuation & Retirement Fund, and sits on the Finance Council of the Catholic Archdiocese of Sydney, and Investment Committee of AdvicelQ Partners.

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 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, QSuper Limited, and QInvest Limited Boards in August 2018 and is currently a member of the Remuneration and Audit & Risk Committees.



Sandra McCullagh
Trustee

Principal and Director, About Energy

- Bachelor of Science in Computer Science and Maths
- Bachelor of Arts in Computer Science
- Master of Business Administration
- Graduate of Australian Institute of Company Directors

Ms McCullagh is currently the Principal and Director of About Energy, a consulting firm in the areas of energy, environment, social, and governance issues. Ms McCullagh has previously held senior positions at several energy companies and was both a Director – Equities Research, and Head of Environmental, Social & Governance Equities Research at Credit Suisse. Ms McCullagh is also currently a member of the Queensland Government's Climate Advisory Council.

Ms McCullagh was appointed to the QSuper, QSuper Limited, and QInvest Limited Boards in March 2019 and is currently a member of the Remuneration and Investment Committees.

Board meeting attendance 2018-19 financial year

Name	Attended
Karl Morris AO	● ● ● ● ● ● ● ● ● ●
Jeff Backen ¹	● ● ● ●
Steve Christie	● ● ● ● ● ● ● ● ● ●
Mary-Anne Curtis	● ● ● ● ● ● ● ● ● ○ ○
Walter Ivessa	● ● ● ● ● ● ● ● ● ● ○
Bede King ²	● ● ● ●
Ruth McFarlane	● ● ● ● ● ● ● ● ● ○
Shayne Maxwell	● ● ● ● ● ● ● ● ● ○ ○
Sandra McCullagh ³	● ● ● ○
Beth Mohle	● ● ● ● ● ● ● ● ● ●
Kate Ruttiman ⁴	● ● ● ● ● ○

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 Committee. The QSuper Board used the following committees in 2018-19:⁵



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.



Remuneration Committee

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

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

¹ Jeff Backen's tenure as a Trustee ended on 30 November 2018. ² Bede King's tenure as a Trustee ended on 30 November 2018. ³ Sandra McCullagh was appointed as a Trustee on 25 February 2019. ⁴ Kate Ruttiman was appointed as a Trustee on 1 December 2018. ⁵ The Product, Services & Advice Committee ceased on 31 December 2018.

Specialist committee members



Chris Condon
Investment
Committee Member

Principal, Chris Condon
Financial Services

- Bachelor of Commerce
- 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
- Fellow, Australian
Institute of Company
Directors
- Master Member,
Stockbrokers and
Financial Advisers
Association

Professor Drew is a consulting financial economist specialising in the areas of investment governance, pension plan design, outcome-oriented investing, and retirement security. Professor Drew is a Director of Drew, Walk & Co., Managing Partner of Stonechat Capital, and a Professor of Finance at Griffith University.

Concurrently, 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 a member of the Investment Committee in April 2016.





Managing our members' super

QSuper's investment arrangements¹

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 offers a number of investment options (pages 8-9), each with its own return objective, risk profile, and investment strategy. These are underpinned by the QSuper Board's core investment principles, which aim to reduce market volatility for 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 investment 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.

¹ For Accumulation and Income accounts only.

Manager arrangements as at 30 June 2019

Asset sector	Manager
Cash	QIC Ltd QSuper Limited QSuper Asset Management Pty Ltd State Street Global Advisors, Australia Ltd
Fixed interest	JPMorgan Asset Management (Australia) Limited QIC Ltd QSuper Asset Management Pty Ltd QSuper Limited
Equities	DFA Australia 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 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 2019, the Fund had an investment in the QS High Duration Bonds Trust which represented 6.25% 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 under management.

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 funds under management 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 2018-19 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 funds under management. During the 2018-19 financial year, QSuper did not have more than 5% 'in-house' funds under management at any time.

Defined Benefit accounts (closed fund)

About these accounts

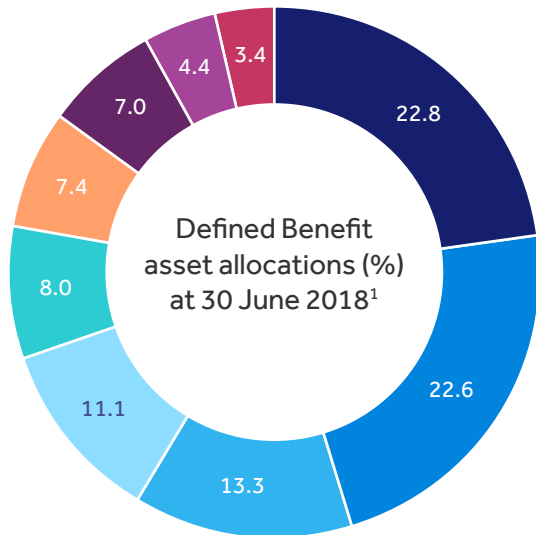
QSuper's Defined Benefit accounts are calculated using a formula based on a member's years of service and salary, and may also depend on the level of contributions a member may choose to make. Both members and employers make contributions. Employer contributions go into a pool of funds held by Queensland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

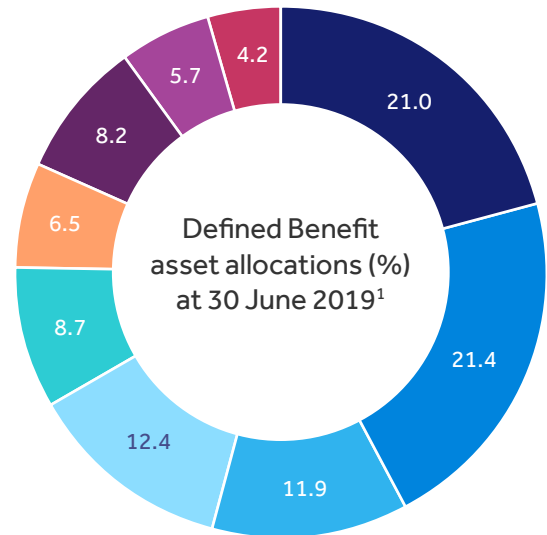
Details of the Defined Benefit investment strategy and objective are included in the graphs on the next page. As the calculation of a defined benefit is formula based, it is not directly affected by investment returns. QSuper has several defined benefit style accounts – Defined Benefit, State, Police, 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 are sufficient funds to pay all members' defined benefit entitlements when needed. The asset allocations and investment ranges (included in the table on the next page) aim to meet this objective.



● 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 equity	7.0%
● Insurance	4.4%
● Liquid alternatives	3.4%



● Global equities	21.0% ▼
● Fixed income	21.4% ▼
● Cash	11.9% ▼
● Real estate	12.4%² ▲
● Infrastructure	8.7% ▲
● Illiquid alternatives (run-down)	6.5% ▼
● Private equity	8.2% ▲
● Insurance	5.7% ▲
● Liquid alternatives	4.2% ▲

Asset allocation ranges (%) from 30 June 2019

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. ² Action taken and moving back within range.

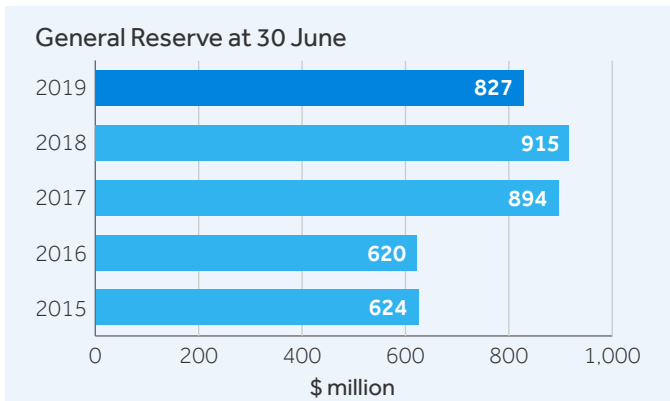
Our reserves

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 and the investment revenue earned on the General Reserve.

At 30 June 2019, the Investment Strategy for the General Reserve is to invest 100% in the Balanced investment option.



Insurance Reserve

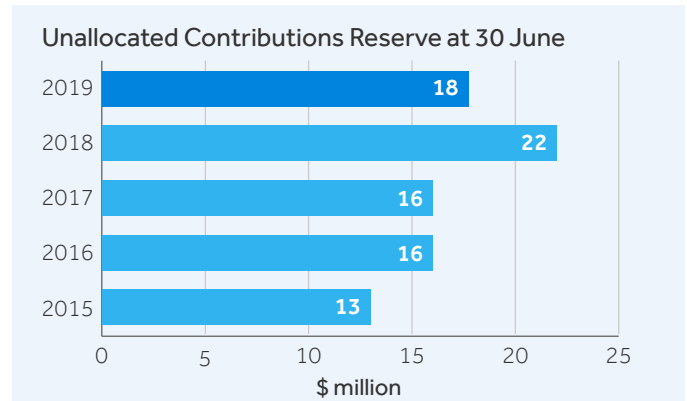
The QSuper Board stopped self-insuring its members from 1 July 2016. There remains a liability for projected future claims that are covered under the insurance arrangements in place prior to 1 July 2016. The Insurance Reserve continues to hold insurance premiums previously deducted from members' Accumulation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



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.

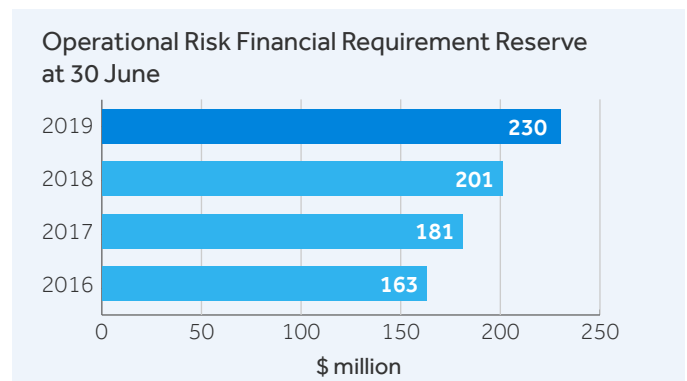
Unallocated Contributions Reserve

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



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.



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 2018-19 financial year was applied to the VPP (closed) investment option member accounts before the capital guarantee was debited.

The VPP crediting rate for the 2018-19 financial year after subtracting the capital guarantee fee was 5.34%.

Fund changes for 2018-19

During the 2018-19 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 at qsuper.qld.gov.au/about/disclosure



Changes to Self Invest

We expanded our exchange traded fund (ETF) offering in our Self Invest option available within Accumulation and Retirement Income accounts. To provide members with more choice, we added two new ETFs to the range available on the Self Invest platform from 1 July 2018. The new ETFs are iShares Global Consumer Staples ETF and iShares Global Healthcare ETF.

More information about these ETFs can be found at qsuper.qld.gov.au/selfinvest



Changes to insurance

From 1 July 2018, changes to some of our Accumulation account insurance arrangements took effect and include:

- Changed the insurance arrangements for some Queensland Performing Arts Trust (QPAT) and Queensland Ambulance Service (QAS) members to more align with QSuper's default insurance for QSuper Accumulation account members
- Removed income protection as default insurance cover for Magistrates
- Updated some of the key definitions that relate to insurance cover.



Changes to our administration fee

From 1 July 2018 we reduced our administration fee by 11%, from 0.18% to 0.16% per annum. This means for every \$100 in a member's QSuper Accumulation or Income account, they pay only 16 cents in administration fees for a whole year.



Changes to our administration fee cap

From 1 July 2018, we reduced our maximum administration fee cap by 10%, from \$1,000 to \$900 in a financial year totalled across all of a member's Accumulation and Income accounts.



Downsizer contributions introduction/change

In line with Australian Government legislation changes, from 1 July 2018, QSuper began accepting Downsizer contributions from eligible members.



Changes to asset allocations

The asset allocation ranges have changed for infrastructure in the Aggressive investment option, effective 1 July 2018, and for equities and infrastructure in the Socially Responsible investment option, effective 25 October 2018.



Complaints

The way you can pursue the resolution of a complaint relating to financial services including superannuation changed. Effective from 1 November 2018, the Australian Financial Complaints Authority (AFCA) replaced the Superannuation Complaints Tribunal (SCT) and other bodies that handle complaints relating to financial services.

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 Two, Level 8, 66 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, AFSL 334546
- 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 Limited – ABN 72 072 881 086
- Hancock Natural Resource Group Australasia Pty Limited – ABN 82087766587
- 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
- Citigroup Global Markets Australia Pty Limited – ABN 64 003 114 832
- QSuper Asset Management Pty Ltd – ABN 67 608 694 471
- JPMorgan Asset Management (Australia) Limited – ACN 143 832 080.

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

Financial Statements

The background features abstract geometric shapes in various shades of blue. A large, light blue triangle points towards the bottom right, while a darker blue triangle points towards the bottom left. These shapes create a dynamic, modern aesthetic.

Key highlights

Operating and financial review for the year

Principal activities

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



\$8.2b

net result from
superannuation activities

A total of \$8.6 billion was earned from investments held during the year, with a total of \$0.4 billion in expenses (excluding income tax) recognised.

This contributed to a net result from superannuation activities (before income tax) of \$8.2 billion for the year.



\$3.9b

net inflow of cash
from members



\$1.1b

total equity

Total equity comprises of the General Reserve (\$827 million), Operational Risk Financial Requirement Reserve (\$230 million), and Unallocated Contribution Reserve (\$18 million).



\$115.3b

total assets

Total assets of \$115.3 billion were offset by total liabilities of \$2.0 billion to arrive at net assets available for member benefits of \$113.3 billion at 30 June 2019.

Total assets were predominantly made up of units in unlisted unit trusts of \$41.3 billion, Australian and international equities of \$25.8 billion, and employer-sponsor receivables of \$22.5 billion.

Statement of financial position

as at 30 June 2019

Assets	Note	2019 \$m	2018 \$m
Cash and cash equivalents	2	3,359	3,568
Equities	2	25,816	25,228
Listed trusts	2	1,547	1,256
Derivative assets	2	330	302
Other interest-bearing securities	2	19,960	13,172
Unlisted unit trusts	2	41,321	38,070
Receivables		226	170
Investments in service providers		257	338
Employer-sponsor receivables	10	22,494	21,648
Total assets		115,310	103,752

Liabilities	Note	2019 \$m	2018 \$m
Payables		(187)	(180)
Derivative liabilities	2	(338)	(763)
Current tax liabilities	3	(113)	(124)
Deferred tax liabilities	3	(1,275)	(753)
Insurance liabilities		(67)	(96)
Total liabilities excluding member benefits		(1,980)	(1,916)
Net assets available for member benefits		113,330	101,836
Accumulation (defined contribution) member liabilities	10, 11	(83,021)	(72,608)
Defined Benefit member liabilities	10, 11	(29,234)	(28,091)
Total member liabilities		(112,255)	(100,699)
Net assets		1,075	1,137

Equity	Note	2019 \$m	2018 \$m
Reserves	4	1,075	1,137
Total equity		1,075	1,137

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

Income statement

for the year ended 30 June 2019

Superannuation activities	Note	2019 \$m	2018 \$m
Income			
Dividends and distributions	2	5,689	3,343
Changes in fair value of investments	2	2,630	2,426
Interest income	2	274	203
Total net income		8,593	5,972
Expenses			
	Note	2019 \$m	2018 \$m
Direct investment expenses		(144)	(156)
Administration expenses		(198)	(198)
Financial planning expenses		(18)	(17)
Other expenses		(7)	(10)
Total expenses		(367)	(381)
Net result from insurance activities	6	(39)	(93)
Results from superannuation activities before income tax expense		8,187	5,498
Income tax expense	3	(583)	(298)
Results from superannuation activities after income tax expense		7,604	5,200
Allocation of results from superannuation activities after income tax expense			
Net benefits allocated to/(from) Accumulation (defined contribution) members		7,061	4,405
Net change in Defined Benefit member benefits		646	974
Net allocation to/(from) Reserves		(103)	(179)
Total allocation of results from superannuation activities after income tax expense		7,604	5,200

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 2019

	Notes	Accumulation (defined contribution) member benefits \$m	Defined Benefit member benefits \$m	Total \$m
Opening balance as at 1 July 2018		72,608	28,091	100,699
Employer contributions		3,377	2,013	5,390
Member contributions		1,270	94	1,364
Transfers from other superannuation entities		2,360	24	2,384
Income tax on contributions		(447)	(300)	(747)
Net after-tax contributions		6,560	1,831	8,391
Benefits to members		(4,880)	(263)	(5,143)
Insurance premiums charged to members' accounts		(434)	(3)	(437)
Death and disability amounts received for members		346	-	346
Superannuation contributions surcharge		(2)	1	(1)
Internal transfers	10	1,866	(1,866)	-
Transfer (to)/from reserves:				
Net administration fees		(111)	(49)	(160)
Other		7	-	7
Net benefits allocated to Accumulation (defined contribution) member accounts		7,061	-	7,061
Net change in member benefits to be funded by employer		-	846	846
Net change in Defined Benefit member benefits		-	646	646
Closing balance as at 30 June 2019		83,021	29,234	112,255

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

Statement of changes in member benefits (continued)

for the year ended 30 June 2019

	Notes	Accumulation (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 Accumulation (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 reserves

for the year ended 30 June 2019

	Note	General Reserve \$m	Unallocated Contribution Reserve \$m	Insurance Reserve \$m	Operational Risk Financial Requirement Reserve \$m	Total Reserves \$m
Opening balance as at 1 July 2018		914	22	-	201	1,137
Net administration fees from members		160	-	-	-	160
Other transfer (to) / from members		3	(6)	-	(3)	(6)
Reserves transfer		(42)	-	32	10	-
Insurance premium margin	6	(113)	-	-	-	(113)
Allocation of net result from superannuation activities after income tax expense		(95)	2	(32)	22	(103)
Closing balance as at 30 June 2019		827	18	-	230	1,075

	Note	General Reserve \$m	Unallocated Contribution Reserve \$m	Insurance Reserve \$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 results 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

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 2019

	Note	2019 \$m	2018 \$m
Cash flows from operating activities			
Interest received		267	219
Insurance claims received		345	238
Dividends and trust distributions received		5,440	2,874
Other revenue		9	97
Insurance premiums paid		(551)	(538)
Investment expenses		(151)	(119)
Other general administration expenses		(225)	(272)
Income tax paid		(821)	(748)
Net inflow of cash from operating activities	5	4,313	1,751
Cash flows from investing activities			
Purchase of investments		(25,307)	(18,568)
Proceeds from sale of investments		16,852	13,306
Net outflow of cash from investing activities		(8,455)	(5,262)
Cash flows from financing activities			
Employer contributions received		5,390	5,120
Member contributions received		1,364	1,230
Transfers from other superannuation funds		2,384	1,863
Benefits paid		(5,202)	(4,586)
Net inflow of cash from financing activities		3,936	3,627
Net increase/(decrease) in cash held		(206)	(116)
Cash at the beginning of the financial year		3,568	3,449
Effects of FX rate changes on cash and cash equivalents		(3)	3
Cash at the end of the financial year		3,359	3,568

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 2019

Note 1 General information

This section outlines the basis on which the financial statements have been prepared and provides an assessment of 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 that has been prepared in accordance with Australian Accounting Standards, Interpretations, the *Superannuation Industry (Supervision) Act 1993* (Cth), and provisions of the *Superannuation (State Public Sector) Deed 1990* (Qld).

The financial report of QSuper for the year ended 30 June 2019 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, associated assumptions, and results are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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

AASB 9 *Financial Instruments* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement, and derecognition of financial assets and liabilities, and replaces the multiple classification and measurement models in AASB 139. In accordance with AASB 1056 *Superannuation Entities*, all recognised assets and liabilities except member liabilities, tax assets and liabilities, acquired goodwill, insurance assets and liabilities, and employer-sponsor receivables shall be measured at fair value at each reporting date. Fair value is defined by AASB 13 *Fair Value Measurement*. Accordingly, the adoption of classification and measurement changes in AASB 9 does not drive significant change in classification or measurement for QSuper.

AASB 15 *Revenue from Contracts with Customers* became effective for annual periods beginning on or after 1 January 2018. QSuper's main income stream is investment revenue, which is outside the scope of AASB 15. QSuper's wholly-owned subsidiary QSL generates insurance revenue, which is outside the scope of AASB, and certain fee-driven revenues, which are impacted by AASB 15. These are disclosed in QSL's financial statements and are not material to the Fund's financial results.

As per the consolidation policy on page 32, QSL is consolidated through one line in the financial statements.

There are no other standards, interpretations, or amendments to existing standards (which are effective for the first time for the financial year beginning 1 July 2018) that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Standards and interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been adopted early by QSuper. These standards are not expected to have a material impact on the entity in future reporting periods or on foreseeable future transactions.

AASB 16 *Leases* will be adopted from its mandatory adoption date of 1 July 2019. The standard does not lead to material changes for the Fund; however, it is material to QSL.

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.

The expected impacts of the standard are disclosed in the QSL financial statements; however, the impacts are not material to the Fund.

AASB 17 *Insurance Contracts and Associated Interpretations* 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. QInsure has commenced preliminary steps towards implementation of the standard and is currently undertaking an assessment of the impacts due to the change to accounting policies.

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

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

Significant accounting judgements, estimates, and assumptions

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.

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. As a result, the net assets have been recognised in one line (investments in service providers) within the financial statements.

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.

Auditor's remuneration

Other regulatory and assurance services	2019 \$'000	2018 \$'000
Deloitte Touche Tohmatsu	368	358
Total auditor remuneration	368	358

Actuarial remuneration

Queensland State Actuary	2019 \$'000	2018 \$'000
Actuarial services	396	389
Total actuarial remuneration	396	389

Commitments, contingent assets, and contingent liabilities

QSuper has unfunded commitments with Investment Managers to the value of \$2,017m as at 30 June 2019 (2018: \$2,339m). There are no other material commitments, contingent assets, or contingent liabilities as at 30 June 2019.

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.

Initial recognition

Investments of QSuper are initially recognised at fair value through profit or loss (FVTPL) in accordance with AASB 1056. Transaction costs for financial assets carried at FVTPL are expensed in the income statement. QSuper recognises financial assets on the date it becomes party to the contractual agreement (trade date).

Subsequent measurement of investments

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. Investments are derecognised when the right to receive cash flows from the investments have expired or QSuper has substantially transferred all of the risks and rewards of ownership.

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 (as prices) or indirectly (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 2019	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Listed equity securities	25,406	9	-	25,415
Unlisted equity securities	-	-	173	173
Preference shares redeemable	228	-	-	228
Listed unit trusts	-	292	-	292
Listed property trusts	1,255	-	-	1,255
Fixed interest bonds	-	9,274	-	9,274
Discount securities	-	10,686	-	10,686
Derivative assets/liabilities				
Futures	(4)	-	-	(4)
Swaps	-	67	-	67
Forward foreign exchange contracts	-	(71)	-	(71)
Units in unlisted unit trusts				
Unlisted unit trusts – infrastructure	-	-	10,826	10,826
Unlisted unit trusts – equity and futures	-	4,848	-	4,848
Unlisted unit trusts – private equity and alternatives	-	-	4,438	4,438
Unlisted unit trusts – property	-	-	5,956	5,956
Unlisted unit trusts – cash and fixed interest	-	15,253	-	15,253
Total	26,885	40,358	21,393	88,636

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
30 June 2018				
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

Investments not included in the above tables are cash, short-term deposits, and margin accounts totalling \$3,359m (2018: \$3,568m). These investments and the investments illustrated in the fair value hierarchy table equate to the total investments as at 30 June 2019 of \$91,995m (2018: \$81,596m), reduced by derivative liabilities of \$338m (2018: \$763m), and excluding the investments in service providers.

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.

	2019 \$m	2018 \$m
Opening balance	18,908	18,194
Total gains or losses:		
In income statement	837	757
Purchases	1,255	1,666
Redemptions/disposal	-	-
Transfers into Level 3	393	152
Transfers out to Level 2	-	(1,860)
Transfers out to Level 1	-	(1)
Closing balance	21,393	18,908

Of the total gains or losses for the period included in the income statement, gains of \$831m (2018: \$738m) 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	21,220	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	173	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 cash flow 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. Changes 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. The effective interest rate 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 the reporting date, it is reflected as a receivable in the statement of financial position.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend when QSuper's right to receive payment is established. If not received at balance sheet date, the balance is reflected as a receivable in the statement of financial position.

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 as a receivable in the statement of financial position.

Note 3 Income tax

(a) Major components of income tax

	2019 \$m	2018 \$m
Current income tax		
Current income tax	38	12
Adjustments in respect of current income tax of previous years	23	27
Deferred income tax		
Relating to origination and reversal of temporary differences in deferred tax liability	522	259
Income tax expense reported in income statement	583	298

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 below:

	2019 \$m	2018 \$m
Results from superannuation activities	8,187	5,498
Prima facie income tax expense at the rate of 15%	1,228	825
Tax effect of non-deductible expenses and non-assessable income in calculating the taxable amount:		
Differences between tax and accounting net investment income	(51)	(165)
Notional premium for death or disability cover	(17)	(17)
Net imputation and foreign tax credits	(321)	(180)
Exempt current pension income	(294)	(201)
Other	38	36
Income tax expense reported in income statement	583	298

(b) Deferred income tax

	2019 \$m	2018 \$m
Movements in deferred tax asset		
Opening balance	29	47
Change to income statement	-	(18)
Closing balance at 30 June	29	29
Deferred tax asset comprises		
Investments	20	29
Other	9	-
Total deferred tax asset	29	29
Movements in deferred tax liability		
Opening balance	(782)	(541)
Change to income statement	(522)	(241)
Closing balance at 30 June	(1,304)	(782)
Deferred tax liability comprises		
Unrealised gains in investments	(1,304)	(782)
Total deferred tax liability	(1,304)	(782)
Net deferred tax asset/(liability)	(1,275)	(753)

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 offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and when 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, against which the asset can be utilised, will be available. 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

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.

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 which may be allocated to the member's selected investment option.

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 (claims relating to events occurring before 1 July 2016) continue to be paid by QSuper and are recognised as a reduction in the insurance claims liability in the statement of financial position. No solvency margin in respect of covering adverse run-off of claim liabilities incurred prior to 1 July 2016 has been estimated by the Actuary in his latest review. Consistent with the prior year, Management has determined no solvency margin will be retained for this financial year. The General Reserve provides financial support to the Insurance Reserve as required.

Operational Risk Financial Requirement Reserve

QSuper maintains an Operational Risk Financial Requirement Reserve (ORFR) 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.

	2019 \$m	2018 \$m
Net allocation to/(from) Reserves	(103)	(179)
Adjustments for net change in non-operating activities:		
Assets measured in fair value	(2,874)	(2,853)
Receivables	(11)	(13)
Payables	7	22
Insurance liabilities	(29)	(49)
Income tax payable	(238)	(450)
Self-insurance claims included in benefits	61	134
Reserves	(113)	(48)
Member benefits	7,613	5,187
Net inflow of cash from operating activities	4,313	1,751

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

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 QSL that provides for group lump sum (death and TPD) and group disability (income protection) insurance policies to QSuper. Insurance premiums are deducted from member accounts and paid to QInsure.

QSuper holds a participating life insurance policy with QInsure and pays a premium margin to share in operating profits. Under this policy, the operating profit arising from the participating business is allocated between the shareholder and the participating policyholder and is governed by the *Life Insurance Act 1995* (Cth), QInsure's constitution, the in-force *Insurance Policy*, and QInsure'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 the shareholder.
- ii) Other profits arising from participating business are allocated 80% to the policyholder and 20% to the shareholder.
- iii) All investment income on shareholder capital and retained earnings (excluding those dealt with in (i) above) are fully allocated to the shareholder.

As at reporting date, the value of the unvested policyholder profits recorded by QInsure is \$99m (2018: \$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 2019 are as follows:

	2019 \$m	2018 \$m
Statement of profit or loss and other comprehensive income		
Premium revenue	552	520
Claims expense	(341)	(231)
Outwards reinsurance expense	(66)	(62)
Reinsurance recoveries	53	36
Net result from insurance activities after-tax	6	12
Statement of financial position		
Total assets	989	823
Gross policy liabilities	(638)	(486)
Net assets	217	212

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 0.86% to 2.59% (2018: 1.51% to 3.60% 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 55% and 90% (2018: 60% and 84%). The average claims reporting delays were between 1.2 months and 23.8 months (2018: 1.7 months and 22.0 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 43% to 433% (2018: 80% 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 <i>Brisbane All Groups Consumer Price Index</i> for the period 1 July 2017 to 30 June 2018.	The inflation rate assumed was 1.7% (2018: 1.8%).

Self-insurance

Prior to the incorporation of QInsure and the commencement of the group life insurance policy, 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 continue to be paid by QSuper and are 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:

	2019	2018
	\$m	\$m
Insurance contract revenue	(1)	(1)
Net premium revenue	(1)	(1)
Claims paid	(61)	(134)
Movement in insurance liabilities	29	49
Net incurred claims	(32)	(85)
Insurance result	(33)	(86)
Policy maintenance expense	(6)	(7)
Net loss from insurance activities	(39)	(93)

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 Morris AO (Chairman)	December 2013
Mr Walter Ivessa	June 2009
Mrs Elizabeth (Beth) Ruth Mohle	December 2013
Mrs Ruth Ethel Elizabeth McFarlane	December 2013
Dr Stephen (Steve) Paul Christie	December 2014
Mr Shayne Robert Maxwell	June 2018
Ms Mary-Anne Curtis	July 2018
Ms Kate Ruttiman	December 2018
Ms Sandra McCullagh	February 2019
Mr Bede Farrell King	February 2013 / (November 2018)
Mr Jeffrey (Jeff) Backen	December 2013 / (November 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 people had authority for planning, directing, and controlling the activities of QSuper Group entities:

Name	Role	Date commenced / (ceased) in a 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
Ms Kim Hughes	Chief of QInvest (previously Chief of Member Support and Advice)	30 April 2018
Mr Brad Holzberger	Chief Investment Officer	11 March 2009 / (1 September 2019)
Mr Charles Woodhouse	Chief Investment Officer	2 September 2019
Mr Paul Landy	Chief of People & Transformation	15 December 2010
Ms Karin Muller	Chief Operating Officer (previously 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. 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 that include an appropriate mix of fixed and variable performance payments, explicitly linked to performance, behaviours, and risk management.

Performance linkages

Both fixed and variable remuneration is market competitive and explicitly linked to performance, behaviours, and risk management. All QSuper executive remuneration outcomes appropriately reflect QSuper's Corporate, Divisional, 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.

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 that targets the market median 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 (including risk)
- 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, stakeholder satisfaction, risk culture, and the engagement of the QSuper workforce.

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

STI deferral mechanisms for the Chief Executive Officer (CEO) and all Chief Officers (excluding the CIO) are in place, 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 and risk. The QSuper Group values set the behavioural expectation that the Board believes form a foundation for successful performance.

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 dual focus on QInsure and QSuper. 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 & Transformation	25%
Chief of QInsure	75%
Chief of Member Support & Advice	25% until 24 September 2018

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 (Supervision) 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 2019 are detailed in the following table. Current year annual leave provisions are included in the cash fixed column. Remuneration comprises the total value of remuneration received or receivable by QSuper executives for their roles in QSuper and its wholly-owned subsidiaries.

Executive remuneration¹

Chief Officer	Short-term employee benefits \$			Post-employment benefit \$	Other incentive amounts	Long service leave	Termination benefits
	Cash fixed ²	Non-monetary fixed	Cash STI ³	Pension and super-annuation			
Year ended 30 June 2019							
Michael Pennisi	557,297	10,178	307,943	90,404	27,348 ⁴	25,137	-
Kulwant Singh-Pangly	411,939	-	171,513	25,000	16,097 ⁴	26,701	-
Anne Finney	308,955	-	151,304	28,907	11,428 ⁴	15,037	-
Brad Holzberger	544,893	-	567,255	26,138	-	20,905	-
Kim Hughes	290,079	-	91,581	27,668	-	8,613	-
Paul Landy	262,390	10,178	137,883	33,959	13,308 ⁴	8,866	-
Karin Muller	333,226	-	133,542	36,104	13,723 ⁴	12,411	-
Jason Murray	347,294	-	137,589	32,042	5,061 ⁴	6,278	-
Phil Fraser	270,755	-	112,470	27,452	32,000 ⁵	2,835	-
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	-

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 with cash physically paid in the financial year. ³ Accrued during the reporting period (refer to table in STI criteria section for further detail). ⁴ Unvested benefits accrued in respect of STI amounts deferred in prior years. ⁵ Performance based one-off payment.

Board remuneration¹

Remuneration disclosures for Trustees who were in the role for the whole or part of the 2019 financial year are detailed in the table below.

Trustee	Short-term employee benefits \$			Post-employment benefit \$	Other, e.g. long service leave	Termination benefits
	Cash fixed ²	Non-monetary fixed	Cash STI payment ³	Pension and superannuation		
Year ended 30 June 2019						
Karl Morris (Chairman)	157,826	-	-	-	-	-
Jeffrey Backen	31,762	-	-	6,412	-	-
Stephen Christie	79,057	-	-	7,488	-	-
Walter Ivessa	78,817	-	-	7,488	-	-
Bede King	24,386	-	-	15,447	-	-
Shayne Maxwell	78,817	-	-	7,488	-	-
Ruth McFarlane ⁴	-	-	-	-	-	-
Elizabeth Mohle ⁵	78,817	-	-	-	-	-
Mary-Anne Curtis ⁴	-	-	-	-	-	-
Kate Ruttiman ⁵	45,977	-	-	-	-	-
Sandra McCullagh	4,092	-	-	25,783	-	-
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	-	-	-	-	-

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). **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 Qld Police Union, up until December 2017), Kate Ruttiman (Qld Teachers' Union), and Elizabeth Mohle (Qld Nurses & Midwives' 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 scheme granted to Executive Committee members.

Chief Officer	Financial year the incentive relates to	Grant date	STI amount \$	STI deferral amount ² \$	Financial year of STI payment	Paid	% of potential incentive paid	% of potential incentive forfeited
Michael Pennisi	2019	Sept 2019	230,957	-	2019-20	25 Sept 2019	65.48%	34.52%
			-	76,986	2021-22	-	-	-
	2018	Sept 2018	-	98,332	2020-21	-	-	-
	2017	Sept 2017	-	82,102	2019-20	25 Sept 2019	100%	0%
Kulwant Singh-Pangly	2019	Sept 2019	128,635	-	2019-20	25 Sept 2019	71.36%	28.64%
			-	42,878	2021-22	-	-	-
	2018	Sept 2018	-	53,325	2020-21	-	-	-
	2017	Sept 2017	-	51,238	2019-20	25 Sept 2019	100%	0%
Anne Finney	2019	Sept 2019	113,478	-	2019-20	25 Sept 2019	80.64%	19.36%
			-	37,826	2021-22	-	-	-
	2018	Sept 2018	-	40,861	2020-21	-	-	-
	2017	Sept 2017	-	34,454	2019-20	25 Sept 2019	100%	0%
Kim Hughes	2019	Sept 2019	68,686	-	2019-20	25 Sept 2019	52.03%	47.97%
			-	22,895	2021-22	-	-	-
Paul Landy	2019	Sept 2019	103,412	-	2019-20	25 Sept 2019	65.23%	34.77%
			-	34,471	2021-22	-	-	-
	2018	Sept 2018	-	44,623	2020-21	-	-	-
	2017	Sept 2017	-	42,018	2019-20	25 Sept 2019	100%	0%
Karin Muller	2019	Sept 2019	100,156	-	2019-20	25 Sept 2019	62.58%	37.42%
			-	33,386	2021-22	-	-	-
	2018	Sept 2018	-	39,525	2020-21	-	-	-
	2017	Sept 2017	-	47,487	2019-20	25 Sept 2019	100%	0%
Jason Murray	2019	Sept 2019	103,192	-	2019-20	25 Sept 2019	67.47%	32.53%
			-	34,397	2021-22	-	-	-
	2018	Sept 2018	-	41,923	2020-21	-	-	-
Brad Holzberger ¹	2019	Sept 2019	567,255	-	2019-20	25 Sept 2019	88.52%	11.48%
Philip Fraser ²	2019	Sept 2019	84,353	-	2019-20	25 Sept 2019	53.11%	46.89%
			-	28,118	2021-22	-	-	-

¹ As the time horizons of performance measured within the Investments STI plan already reflect the long-term focus, the Chief Investment Officer is not eligible for a deferral amount. ² STI represents pro-rated amount based on date commenced in role during the year. ³ Payment is held at risk until the end of the 2-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. The amount shown has been adjusted for any increase/(decrease) in future amounts payable attributable to this performance.

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 \$262m (2018: \$257m).

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 TPD) and group disability (income protection) insurance policies to QSuper.

During the financial year, the following fees were paid/payable or (received/receivable) from related entities:

	2019 \$m	2018 \$m
QIL	4	3
OneQ	84	82
QAM	27	23
QInsure	(28)	(9)

Advertising and sponsorship paid by related parties during the financial year was \$7m (2018: \$6m).

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 framework and is also responsible for the oversight of its operation by management. The 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 17 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, operational investment governance, monitoring the compliance of QSuper with legislative requirements,

reviewing internal and external audit findings, 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.

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 (5) years and reasonably possible investment return movements by asset class during the financial year.

Sensitivities used	2019	2018
Equities	9%	13%
Real estate	12%	12%
Infrastructure	18%	19%
Diversified alternatives	3%	5%

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 2019, whereby the assets 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 2019			
Equities	9	(2,036)	2,036
Real estate	12	(566)	566
Infrastructure	18	(1,886)	1,886
Diversified alternatives	3	(113)	113
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

Foreign exchange risk

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

QSuper holds assets or financial instruments denominated in currencies other than the Australian dollar (AUD), which is QSuper's functional and presentation currency. QSuper is therefore exposed to foreign exchange risk, as the value of these assets and associated future cash flows 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 manage its foreign currency exposures in line with QSuper's *Investment Policy Statement* (IPS). Foreign currency exposures are obtained for member options that are based on established investment objectives. The resulting currency exposures are independently monitored daily to ensure they are in line with QSuper's IPS.

Net foreign currency exposure at 30 June 2019 was \$8,373m (2018: \$5,459m), 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 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 2019, a 100 basis point movement would have a \$2,975m (30 June 2018: \$2,934m) impact on the net assets of QSuper.

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 2019 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 are 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 the financial obligations of QSuper cannot be met as and when they fall due from available cash resources. 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.

Set out below are the contractual maturities of financial liabilities. The contractual maturity of QSuper's derivatives are based on undiscounted cash flows.

30 June 2019	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	110,668	-	-	-	-	110,668
Trade and other payables	183	-	-	-	-	183
Payables for investments purchased	4	-	-	-	-	4
Total undiscounted financial liabilities (excluding derivatives)	110,855	-	-	-	-	110,855
Net settled derivatives:						
Fixed interest futures	8	(12)	-	-	-	(4)
Forward foreign exchange contracts	(84)	(35)	48	-	-	(71)
Swaps and warrants	-	-	-	67	-	67
Total undiscounted derivatives inflow/(outflow)	(76)	(47)	48	67	-	(8)
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)

QSuper maintains a *Liquidity Risk Management* policy designed to ensure sufficient liquidity within the Fund to meet its financial obligations. The policy contemplates liquidity for each investment option, outlines the procedures for measuring and managing liquidity, and considers how liquidity is to be managed under a range of stress scenarios. To the extent possible, potential adverse liquidity circumstances are identified, along with the actions that would be required to deal with these circumstances.

QSuper categorises liquidity depending on how readily these assets can be converted to cash to meet QSuper's

financial obligations. To meet short-term requirements, QSuper maintains sufficient cash and short-term deposits. The majority of QSuper's assets are traded in listed markets, which under normal circumstances can be liquidated over short periods of time. QSuper's assets include an allocation to unlisted investments, which have less liquid profiles and are expected to take more time to be sold.

QSuper monitors the liquidity closely, with the objective of constructing a portfolio to meet the liquidity requirements of the Fund in the short and long term.

Securities lending

In accordance with Board approved securities lending policies, 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 (2018: 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 \$19,071m (2018: \$19,202m). The total value of securities on loan at 30 June 2019 that are recognised as an asset in the statement

of financial position amounted to \$678m (2018: \$438m). During the year ended 30 June 2019, the gross earnings on securities lending collateral were \$6m (2018: \$9m). These amounts were received and paid on behalf of QSuper and have been recognised in the income statement.

During the year ended 30 June 2019, QSuper paid fees to the State Street Bank and Trust Company in the amount of \$1.2m (2018: \$1.9m) 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 2019 is \$709m (2018: \$466m).

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% (2018: 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 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 to QSuper 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 \$1,725m for 2019 (2018: \$1,700m).

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 2019 (net of reimbursements) were \$10m (2018: \$9m). The QSuper Defined Benefit account was closed to new members on 12 November 2008.

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 2019 and net assets held by QSuper is recognised as an employer-sponsor receivable. A summary of the employer-sponsor receivable is as follows:

	2019 \$m	2018 \$m
Value of defined benefit liability (net of contributions tax)	29,234	28,091
Less defined benefit assets held by QSuper	(6,740)	(6,443)
Net receivable from Queensland Government	22,494	21,648

The difference between the net receivable of \$22,494m (2018: \$21,648m) as recorded on the statement of financial position and the gross value of the defined benefit liability of \$26,155m (2018: \$25,173m) 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.

Accumulation (defined contribution) member liabilities

Accumulation (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 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 Accumulation (defined contribution) accounts for individuals who no longer qualify for inclusion in a defined benefits scheme.

Actuarial review

The last actuarial review of QSuper was conducted as at 30 June 2019 by the State Actuary, Mr W H Cannon BSc(Hons) GradDipAppFin FIAA GAICD. The value of accrued benefits for defined benefit member liabilities excluding accrued contributions tax as at that date was \$29,234m (2018: \$28,091m).

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 3.75% (2018: 5.75%) and the application of this rate would reduce the liability and corresponding receivable from the Queensland Government by \$5,521m (2018: \$6,131m).

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 2019:

Assumption	Assumed at reporting date	Change	(Increase)/decrease in DB member benefit liability (\$m)
Gross discount rate	2019: 1.3%(2018: 2.6%)	2019: +1.0% (2018: +1.0%)	2019: 2,459 (2018: 2,146)
Price inflation	2019: 1.5% (2018: 2.1%)	2019: +1.0% (2018: +1.0%)	2019: (188) (2018: (155))
Salary inflation	2019: 2.5% (2018: 3.1%)	2019: +1.0% (2018: +1.0%)	2019: (2,590) (2018: (2,262))

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 that 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 2019.

	2019 \$m	2018 \$m
Vested benefits (discount rate for underlying member liabilities)	110,668	100,159
Vested benefits (discount rate based on expected return for funding purposes)	108,740	97,748

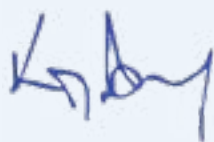
Trustees' statement

for the year ended 30 June 2019

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 2019, the Income Statement for the year ended 30 June 2019, 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
26 September 2019



Independent audit report

QSuper (A.B.N. 60 905 115 063)

Report by the Registrable Superannuation Entity ("RSE") Auditor to the members

Opinion

We have audited the financial statements of QSuper for the year ended 30 June 2019 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 respects, in accordance with Australian Accounting Standards the financial position of QSuper as at 30 June 2019 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2019.

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 Responsibilities for the Audit of the Financial Statements* 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 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.



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 fraud 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.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "David Rodgers".

David Rodgers

Partner

Chartered Accountants

Brisbane, 26 September 2019

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	Accumulation (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
QIC	QIC Limited
QIL	QInvest Limited
QInsure	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	<i>Superannuation Industry (Supervision) Act 1993</i>
SSAL	State Street Australia Limited
STI	Short-term incentive
TPD	Total and permanent disablement (includes terminal illness as a subset)

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 2019 Annual Report forms part of your annual statement and must be read in conjunction with your 2019 Member Benefit Statement, which consists of Your 2019 Super Statement and Your 2019 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.

We have put this information together as 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/pds or call us on 1300 360 750 to request a copy.

© QSuper Board 2019.

Money magazine

The Best of the Best Awards celebrates Australia's pre-eminent financial products, services and investments, with leading research houses including Canstar, Lonsec, Morningstar, SQM Research, SuperRatings, WhistleOut, and Zenith Investment Partners identifying the winners in more than 60 categories. The awards are designed to help consumers make more informed investment decisions across asset categories including super, cash accounts, funds, and home loans. The award is solely a statement of opinion and does not represent a recommendation to purchase, hold, or sell any securities, or make any other investment decisions. Past performance is not a reliable indicator of future performance. Ratings are subject to change. Ratings, awards, or investment returns are only one factor that you should consider when deciding how to invest your super.

Chant West

Awarded Pension Fund of the Year at the 2019 Chant West Awards on 22 May 2019. 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

Awarded Pension of the Year at the 2019 SuperRatings Awards on 30 October 2018. SuperRatings does not issue, sell, guarantee, or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance. Ratings, awards, or investment returns are only one factor that you should consider when deciding how to invest your super. SuperRatings Pty Ltd has given its written consent to the inclusion of each reference to SuperRatings (including its ratings logos) and the statements made by or said to be based on statements by SuperRatings in the form and context in which they are included in this document.

Conexus

Awarded Pension Fund of the Year at the 2019 Conexus Financial Superannuation Awards. The awards are determined using proprietary methodologies. Awards were issued 28 February 2019 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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