Annual Members' Meeting

Questions from members

Climate change

The Annual Members' Meeting featured a wide range of questions, many of a similar nature on QSuper's approach to investing and climate change. The climate change questions are grouped below, followed by an explanation of QSuper's position on this issue:

- With the Rest Super court case last week (week commencing Nov1), Rest agreed that Climate change is a critical risk and agreed to set a net-zero target. When will QSuper set a net-zero target?
- What work is QSuper doing to divest from fossil fuels and invest in a better future for our climate?
- I am extremely worried about the future of my family in this heating climate, and how our retirement funds are invested in planet-destroying companies, which also are performing terribly on the stock market. How is QSuper working to minimise the effect of climate change on the fund and planning to avoid future stranded assets that are currently invested in fossil fuels?
- With the potential merger with Sunsuper in the future, QSuper/Sunsuper will be one of the largest funds in Australia and should certainly lead by example. Last Monday Rest Super agreed that climate change is a material and financial risk to their fund, and agreed to a net-zero target by 2050. In the statement from Rest, they concluded, "The superannuation industry is a cornerstone of the Australian economy—an economy that is exposed to the financial, physical and transition impacts associated with climate change." The Rest announcement is now the minimum standard, we now need QSuper to match those commitments and go further. Funds must take immediate action to divest from most climate-risk exposed companies, which are those that are taking us in the opposite direction by expanding fossil fuels. This is essential for any fund that takes a long-term view of the future. [...] When will QSuper divest from fossil fuel companies?
- The outcome of last weeks' Rest legal action (week commencing November 1) clearly shows the dangers of lagging other super funds when it comes to managing climate change risks. Your failure to institute any fund-wide fossil fuel exclusions leaves you falling behind many other super funds on climate action, posing unacceptable risks to the planet and members like me. Will you turn this around and take the lead on addressing climate risk by divesting from all coal, oil and gas companies that are undermining the Paris climate goals by expanding the scale of the fossil fuel sector?
- Firstly, I'd like to acknowledge QSuper for their moves to improve the ethical investment option in the recent past, rejecting tobacco, adult entertainment, gambling, and especially (given the current state of the climate) fossil fuel investments. However, it is now 2020. My question is- from a moral standpoint, and equally importantly from the standpoint of avoiding stranded assets, what is the justification for QSuper maintaining investments in fossil fuel exploration and extraction companies in the default investment mix?
- What actions are QSuper taking to ensure members' assets are protected from investment in climate-risk exposed companies?
- How is QSuper assisting the State's necessary transition to renewable energy to help assure our future?

QSuper's position:

Like many institutional investors, QSuper invests in thousands of companies and other investment vehicles on its members' behalf, through its own Investments team and a network of specialist advisers and fund managers.

We believe setting a target like net zero before we have a comprehensive understanding of how we would achieve it is not a responsible use of our members' money or of the expertise and resources available to us.

We believe that the transition to a low-carbon world economy, as envisaged in the Paris agreement, is necessary to address and manage climate change.

Climate change gives rise to both transition and physical risks for the assets in which QSuper invests. An example of transition risk is the introduction of carbon pricing, which could affect a company's valuation or future returns. An example of a physical risk is more frequent weather events that could damage assets. We consider that these risks need to be understood in detail so an informed decision can be made.

At the direction of the Board of Trustees, the Investments team has commenced an evidence-based program of work that will evaluate the climate change risk in our portfolio and consider ways to respond. This work will entail:

- An assessment of the suitability of various measurement metrics, including for reporting and management
- Scenario analysis of these risks relative to various targets
- Quantification of transition and physical risks across listed equities and unlisted assets
- Assessment of materiality
- Assessment of benchmark measures.

Once the program of work is completed, the Board of Trustees will make an informed decision about the findings, including whether to set a target.

QSuper has expanded its stewardship on climate change and governance through our memberships in the Investor Group on Climate Change, the Australian Council of Superannuation Investors, and the Climate Action 100+ initiative.

QSuper also recently brought in-house the investment management of the Socially Responsible investment option. Prior to 1 July 2020, the option was managed externally through AMP Responsible Investment Leaders Balanced Fund.

This change was in response to our members' requests for a more holistic socially responsible investment option that targets a positive impact on certain environmental and social issues, while avoiding investments that have a negative impact. Some of the benefits of the change include:

- An investment strategy focussed on the environmental and social considerations important to our members
- An expected reduction to the investment fee
- A decrease to the standard risk measure, while maintaining the existing return objective
- A commitment to publishing a report at least annually about the option, and the positive impacts achieved.

The option will focus on seeking positive investments in environmental and social issues, such as:

- Clean energy
- Conservation and the environment
- Waste reduction and recycling
- Food and water scarcity
- Medical and technological innovation
- Education
- Health care
- Green buildings.

For more information on the Socially Responsible investment option, including information about its investment strategy, please visit our website at qsuper.qld.gov.au/sociallyresponsible, or read our Investment Choice Guide (available on our website).

Below are questions members asked at our Annual Members' Meeting, along with QSuper's answers.

Finance

Question	Answer
Annual report p29: cash at end of financial year 2019 $3,359m What proportion of this is cash, and what proportion is 'cash equivalents'?	As at 30 June 2020, Cash was $3,126M and Cash Equivalents was $233M.

Investments

Question	Answer
To what extent do federal government policies on climate change influence the shaping of your sustainable products?	Government policy will be important in that it (along with global responses) will influence the shape of the transition to a low-carbon economy. The size, pace, and effect of the collective response will therefore influence QSuper's climate change risk assessment both today and in the future, for both transition and physical risks.
Are you able to advise what level of investment QSuper is taking in Australian companies in the renewable energy space please? I am particularly interested to know if you are investing in Lithium related companies? ie companies which will supply materials for Electric Vehicles Thank you	Like many institutional investors, QSuper invests in thousands of companies and other investment vehicles on its members' behalf, through its own Investments team and a network of specialist advisers and fund managers. In our Australian listed equities, we have exposure to the renewable energy sector via securities such as Origin Energy and AGL Energy. We also have exposure to a number of renewable projects located throughout Australia through our investment in Vena Energy. We have exposure to the lithium industry via Mineral Resources. In our international listed equities, we have exposure to shares in the electric vehicle industry through Tesla and Nio, and in the Socially Responsible option to BYD.

Question	Answer
Does QSuper have any strategic plan to make the Socially Responsible investment option more attractive, including lowering fee and improving performance?	QSuper continually works to enhance our products and investment options to deliver ongoing value to our members. We recently brought in-house the investment management of the Socially Responsible investment option. Prior to 1 July 2020, the option was managed externally through AMP Responsible Investment Leaders Balanced Fund. This change was in response to our members' requests for a more holistic socially responsible investment option that targets a positive impact on certain environmental and social issues, while avoiding investments that have a negative impact. Some of the benefits of the change include: • An investment strategy focussed on the environmental and social considerations important to our members • An expected reduction to the investment fee • A decrease to the standard risk measure, while maintaining the existing return objective • A commitment to publishing a report at least annually about the option, and the positive impacts achieved. The option will focus on seeking positive investments in environmental and social issues, such as: • Clean energy • Conservation and the environment • Waste reduction and recycling • Food and water scarcity • Medical and technological innovation • Education • Health care • Green buildings. The Socially Responsible option's investment objective is an annual return of CPI + 3.5% (after fees and tax) measured over rolling five-year periods. For more information on the Socially Responsible investment option, including information about the investment strategy, please visit our website at qsuper.qld.gov.au/sociallyresponsible or read our Investment Choice Guide (available on our website).

Question	Answer
You did not answer the question on investing in coal companies in my opinion. We are heading towards more and more renewable energy. However it costs with huge Government subsidies, and payment to overseas companies around 60 to 70%. Does this help Australia and the coal companies who will have to keep generating for some 40 years plus. ----- thus increasing our power bills and decreasing investment returns?. Please respond.	Like many institutional investors, QSuper invests in thousands of companies and other investment vehicles on its members' behalf, through its own Investments team and a network of specialist advisers and fund managers. When setting investment objectives and strategies, QSuper will take government policy into account like any other market event or information, with a view to achieving our investment objectives. With respect to coal and renewable energy, we believe that the transition to a low-carbon world economy, as envisaged in the Paris agreement, is necessary to address and manage climate change. Climate change gives rise to both transition and physical risks for the assets in which QSuper invests. An example of transition risk is the introduction of carbon pricing, which could affect a company's valuation or future returns. An example of a physical risk is more frequent weather events that could damage assets. We consider that these risks need to be understood in detail so that an informed decision can be made. At the direction of the Board of Trustees, the Investments team has commenced an evidence-based program of work that will evaluate the climate change risk in our portfolio and consider ways to respond. This work will entail: • An assessment of the suitability of various measurement metrics, including for reporting and management • Scenario analysis of these risks relative to various targets • Quantification of transition and physical risks across listed equities and unlisted assets; • Assessment of materiality • Assessment of benchmark measures. Once the program of work is complete, the Board of Trustees will make an informed decision about the findings.
In previous annual updates We were told that Heathrow returns are guaranteed by British law. Has this eventuated this year?	Heathrow is a regulated asset in the United Kingdom, where the regulator, the Civil Aviation Authority (CAA), reviews and sets passenger charge limits typically every five years. The CAA determines the airport passenger charge based on what it deems is a reasonable return on equity, capital, and other forecast financial and operational metrics. One of the most material metrics considered is forecast passenger traffic for the five-year period. Should passenger traffic be lower than the forecast, then total revenue will fall. This has been the case with the onset of COVID-19. The next review is due in 2022.

Question	Answer
With the ups & downs of financial year 2020 what does QSuper envisage for financial portfolios for the years 2021;2022;2023?	We expect the ups and downs of the 2020 financial year to continue into 2021 and 2022. Markets have been fluctuating in response to positive vaccine news and lockdowns in various countries this financial year. Even with the recent approval of the first vaccine, how long it will take to produce and distribute vaccines to the broader population, and how long immunity will last are both uncertain. It could be well into 2022 before markets are confident that economies are returning to more 'normal' activity. Nevertheless, an eventual vaccine and a positive policy environment are likely to support growth assets and financial portfolios, especially given the commitments governments have made to maintain high spending levels and central banks to maintain low interest rates. However, further downside risks cannot be ruled out, including disappointments on vaccine news and policy decisions that have unforeseen consequences. Political gridlock in major economies could either delay further government support measures or see existing measures pulled back too quickly, weighing on the recovery. Markets and risk assets also assume central banks will keep interest rates very low for many years to come, but the commitment to low rates may be tested if inflation rises as economies recover. In such an environment, we believe it is essential to maintain a risk-balanced approach between growth assets in the portfolio, as well as assets that perform well if such risks arise.
QSuper appears to be reluctant informing members of shareholding values, shareholdings, transactions during the reporting periods and how QSuper is managing (Voting) at the individual AGMs of Australian companies. Why so opaque?	In respect of asset detail, QSuper reports our top ten listed company shareholdings, for both Australian and international holdings. This information can be found for each investment option on our website at qsuper.qld.gov.au/investments QSuper provides an overview of all the assets we hold by asset class. We also feature information on assets through various profile stories, such as for Heathrow Airport. These can be found on our News Hub. QSuper's proxy voting policy is available on our website at qsuper.qld.gov.au/About/Disclosure/Proxy-voting, along with details of total votes cast, for and against, and broken down by resolution type (remuneration, director re-elections).

Question	Answer
I was disappointed to see an aggressive exit fee for removing AMP as the fund manager. I was further disappointed to not receive any answer to my questions sent immediately after QSuper disclosed the change. What was the total cost to members to exit from the management services by AMP? Why was this unusually high price agreed by QSuper? The investors in this fund had already seen underperformance to benchmark, and to have an additional exit fee that was not disclosed that I could find in the material is not in our interests. This is not in OUR interest at all.	QSuper recently brought in-house the investment management of the Socially Responsible investment option. Prior to 1 July 2020, the option was managed externally through AMP Responsible Investment Leaders Balanced Fund. The full redemption and transition to QSuper commenced in June 2020. Costs were incurred by moving the assets; the most material was a 0.96% sell spread applied by AMP Capital to redeem from the AMP Responsible Investment Leaders Balanced Fund. The AMP Responsible Investment Leaders Balanced Fund PDS notes buy-sell spreads as a potential fee/cost to ensure that all unit-holders are treated fairly and that transactions costs are borne by those investors who transact, rather than by all the other unit-holders in the fund. Because of the size of QSuper's redemption and the greater-than-usual volatility in the prices of financial assets (particularly unlisted assets) across investment markets at the time of the redemption, the cost to transact was higher, and an increase in the sell spread was applied by AMP Capital. QSuper assessed the basis for the sell spread calculation and explored options with AMP Capital, in an effort to achieve a more cost-effective redemption process. However, we were of the view that the alternatives proposed would increase operational risk and produce less favourable redemption outcomes for QSuper members. The ongoing fee and cost savings expected to accrue to QSuper members as a result of the transition, combined with the other anticipated benefits, meant that a decision was made to proceed. The transition of the Socially Responsible option's management to QSuper has resulted in: • A more risk-balanced investment approach • Lower investment management fees • The ability to target QSuper members' preferred social and sustainable objectives.
Why can you get a better return in cash in small to mid-size bank with no management fees than QSuper?	The Reserve Bank of Australia recently cut its official cash rate to a record low of 0.1%, from 0.25%. Combined with other measures aimed at boosting the economy, the near-zero rate has dramatically changed expectations for cash returns available to institutional investors, like superannuation funds. For an individual, one alternative to cash is a term deposit, a fixed-term investment with a short time to maturity – a few months to a few years. Term deposits usually require a minimum deposit and incur a cost for withdrawing funds before maturity. The rates various banks offer to retail and institutional investors are often different. This difference is driven in part by a bank's credit rating and the regulatory treatment of their liabilities (deposits made), thus affecting their funding costs. Generally, a bank's retail liabilities have a more favourable regulatory treatment than institutional investors, resulting in lower rates available to institutions such as QSuper.
How are performance fees determined? Is there a high watermark? Is it compared to a benchmark?	Performance fee arrangements vary by the mandate we hold with each of our investment managers. QSuper aims to negotiate fee arrangements that are likely to maximise after-fee return outcomes. This includes putting in place appropriate base fee structures, with performance fees paid when managers exceed what we consider to be challenging benchmarks. Where performance fee arrangements are in place, we seek to include high watermarks, clawbacks, and caps, to ensure interests are aligned with member outcomes.

Question	Answer
The first 3 quarters of this year have been an extraordinary event from many perspectives. Times like this are when we really need your expertise. During that time QSuper's Diversified Bonds has been outstanding [...]. What do you credit this success to?	Thank you for recognising the challenges of looking after your retirement savings. The past year has indeed been extraordinary. The Diversified Bond option invests around 40% in Australian bonds and 60% internationally. When interest rates are falling, typically when the cash rate is being reduced, bonds tend to experience capital gains, which has been the case recently. This is because an investor will pay more for an existing bond with a higher interest rate attached than for a new bond being issued with a lower rate. Something investors may not always appreciate is that bonds can experience both gains and losses, which means that investment returns may be both positive and negative. An inflation shock or a recovery in the world equity market after a period of decline are the typical situations where bonds are most likely to experience capital losses. More information on the Diversified Bonds option and all QSuper's investment options is available in the Investment Choice Guide or by phoning QSuper on 1300 360 750.
What is the crediting rate of balanced account?	Crediting rates (investment returns) of each QSuper investment option may be found on our website. Current rates for the Balanced option are located at qsuper.qld.gov.au/Investments/Options/Balanced You may also wish to refer to your latest Member Benefit Statement, which sets out the investment returns to 30 June 2020.
Is QSuper highly active in short selling either (i) by directly short selling or (ii) lending shares to active shorters?	No. QSuper previously had a securities lending arrangement in place with State Street Bank and Trust Company until 27 April 2020. Through this arrangement, QSuper acted as the lender, earning a fee for the loan and requiring the borrower to post collateral.
Can you please explain how the smoothing of investments occurs? Thus, does it involve investing in less risky assets or does it involve setting up a "nest egg" that can be used when markets fall.	From a whole-of-fund perspective, QSuper's investment strategy focusses on investing in a risk-balanced way; we focus on risk allocation, not asset allocation. It's a diversification approach different from that taken by many other superannuation providers and a factor in QSuper's receipt of SuperRatings' Smooth Ride award for a second year in a row, recognising us as the fund that has best weathered the ups and downs of the market, while also delivering strong outcomes. What it means practically for members in QSuper's default and other diversified options is that they have decreased equity risk and increased exposure to other asset classes, led by bonds (which tend to go up and down at opposite times to shares), as well as direct infrastructure, real estate, private equity and alternative investments. When markets are volatile, the Investments team sticks to QSuper's long-term strategy of risk-balanced diversification.
Page 51 of the [QSuper 2019 Annual Report]: How would you define the investment risk level of this securities lending arrangement, i.e. what percent potential investment fall once every how many years?	QSuper previously had a securities lending arrangement in place with State Street Bank and Trust Company until 27 April 2020. Through this arrangement, QSuper acted as the lender, earning a fee for the loan and requiring the borrower to post collateral. We identify a standard risk measure for each of our investment options. Although a securities lending arrangement poses a counterparty risk, this did not extend to portfolio (investment option) risk. Accordingly, the securities lending arrangement was included in the assessment of the relevant investment options' standard risk measure (and was not assigned a separate standard risk measure).
Were QSuper assets affected by the bushfires at the end of last year/beginning of this year?	QSuper's assets were not directly affected by the bushfires.

Question	Answer
How will QSuper manage the risk associated with the looming boycott of Australian commodities by China.	There have been recent media reports of escalating trade tensions between Australia and China. At QSuper, the risk-balanced approach is central to managing our portfolios. This approach means we invest in a wide range of countries to diversify our exposures and avoid concentrated risks. We also balance growth assets in the portfolio with more defensive assets, including bonds and foreign currency, that may provide some protection in a 'risk-off' event. Our Investments team continue to monitor a range of risks and opportunities in the portfolio.
Hi One of your executive team members has spoken about a dramatic increase in insurance claims. This has obviously triggered a review of premiums. With no vaccine & potentially more claims on the horizon, I am curious to know exactly how this may impact QSuper & its members IE: returns. Thank you	We are proud to protect our members' future through insurance, with profits for members. Last financial year we paid more than 6,600 income protection claims, 700 TPD claims and 450 death cover claims. As a profit-for-members fund, we don't increase premiums unless we absolutely have to. We regularly review our insurance arrangements to understand the type and amount of benefits members are receiving, and premiums are adjusted when it is necessary to ensure that members pay the right level of premiums for their cover. Over the past year, claims have increased significantly and were materially higher than expected. Because of this, and to ensure we can continue to offer insurance cover for our members in their times of greatest need, most insurance premiums will increase from 1 January 2021. Insurance premiums are paid only by those members who hold cover. For those members with insurance, we continue to provide flexibility for members to adjust their cover to fit their changing insurance needs. More than a third of our members who have insurance have already tailored their insurance cover which tells us that flexibility is important to them. The QSuper Board takes the insurance offering to members and associated costs very seriously. Any changes to insurance are carefully considered by the Board and members are informed of changes once approved by the Board. With respect to future returns, we expect the ups and downs of the 2020 financial year to continue into 2021 and 2022. Markets have been fluctuating in response to news, such as positive vaccine news and the news of lockdowns in various economies this financial year. Even with the recent approval of the first vaccine, how long it will take to produce and distribute vaccines to the broader population and how long immunity will last are both uncertain meaning, it could be well into 2022 before markets are confident that economies are getting back to more 'normal' activity. Nevertheless, an eventual vaccine and a positive policy environment are likely to support growth assets and financial portfolios, especially given commitments by governments to maintain high spending levels and by central banks to maintain low interest rates. However, further downside risks cannot be ruled out, including disappointments on vaccine news and policy decisions that have unforeseen consequences. Political gridlock in major economies could either delay further government support measures or see existing measures pulled back too quickly, weighing on the recovery. Markets and risk assets also assume central banks will keep interest rates very low for many years to come, but the commitment to low rates may be tested if inflation rises as economies recover. In such an environment, we believe it is essential to maintain a risk-balanced approach between growth assets in the portfolio, as well as assets that perform well if such risks arise.

Merger discussions

Question	Answer
Will the contemplated merger with Sunsuper mean a change to QSuper's unique and highly valued investment strategy for the Balanced option?	Both funds have different, yet strong investment capabilities and a solid record of delivering outstanding investment outcomes for members. As part of our due diligence discussions there is a significant body of work underway to create a strong investment philosophy should the merger proceed. This is an important consideration for our Trustees, who have a firm belief in our current investment approach.
The comments by the Chairman regarding the Sunsuper merger investigation was announced are essentially the same as when it was announced many months ago. "in the best interests of the members". Are there a number of criteria that QSuper are using and if so, can we be informed of what they are? I am particularly interested in the cultural fit and how this may be measured, but there will be others. Response please by the Chairman or CEO. Thank you	Michael Pennisi, CEO: *We are currently in due diligence discussions with Sunsuper.* *Following the completion of the due diligence period and based on the information we have been able to discover; our Board of Trustees will be making the decision about whether or not a merger is in the best interest of our members. There are several legal tests that our Board of Trustees will need to consider, but fundamental to the decision is ensuring that equivalent rights are provided to members, and that a merger is in the best interest (and promotes the financial interests) of our members. Accordingly, our Board of Trustees will be considering a broad range of factors (including culture) in deciding whether to merge.*
Your first speaker spoke about the possibility of joining Sunsuper. Why and how close are we to combining with Sunsuper?	QSuper believes that scale is important to deliver products, service and advice to members in the future and promotes value for our members. Therefore, a growing QSuper is important for our members. A merger with another fund is an important path to facilitate the growth of QSuper. Both QSuper and Sunsuper are award-winning, profit-for-member funds. This means we each focus on promoting the retirement outcomes of our membership. We are currently in the final stages of our due diligence discussions with Sunsuper. It has provided us with the opportunity to explore in more detail, what synergies exist and whether combining all or part of them is in the best interests of our members. If both funds agree to proceed with a merger at the end of the due diligence process, we will move to the signing of a Heads of Agreement. We expect to be able to communicate our intent later this year or early 2021.
Who is driving this proposed merger? Often mergers do not bring additional benefits to their members. [...]	Both QSuper and Sunsuper are separately considering the merger, having regard to their superannuation fund and, most importantly, their members. Any potential merger creates the opportunity to develop a strong growing fund that can leverage scale and capabilities, drive greater efficiencies, and deliver market-leading products and services. QSuper is undertaking a robust due diligence process with the assistance of experienced advisers. It is important to note that we are still undertaking due diligence and no decisions have been made. A merger will take place only if it is in the best interests of our members.

Question	Answer
As members do we get to vote on the SunSuper merger? Would QSuper become a Retail Fund or stay as an Industry Fund if it merges with Sunsuper?	Our primary purpose is to act in the best interests of our members. Any potential merger creates the opportunity to develop a strong growing fund that is able to leverage scale and capabilities, drive greater efficiencies, and deliver market leading products and services. Superannuation members are different to investors in a company. The trustees administer the fund and in doing so have a legal duty to act in the best interests of members. Accordingly, the decision on whether to proceed with a merger will be made by the Board of Trustees and a merger will only take place if it is in the best interests of our members. Both QSuper and Sunsuper are award-winning, profit-for-member funds (and are not considered to be retail funds). If a merger occurs, the merged fund would also not be considered to be a retail fund.
Should the merger eventuate with Sunsuper will QSuper be the driver of the newly merged company and will the goals of QSuper and the total dedication of QSuper to its members be paramount? Too often with mergers there is often a cultural shift which is not always in the core stakeholders' interests.	There is already great deal of alignment and common purpose that unites QSuper and Sunsuper. We are both award-winning, profit-for-member funds, which means we each focus on promoting the retirement outcomes of our membership. If a merger does take place, it will be a merger of equals, looking to create a stronger combined fund. A merger will take place only if it is in the best interests of our members. Accordingly, our Board of Trustees is considering a broad range of factors (including our member focus, and alignment of culture, and purpose between the two funds). It is important to note that while these are some of the opportunities a merger may bring, we are still undertaking due diligence and no decisions have been made.
How will the Board ensure that synergies are realised through a merger, and that fees aren't simply lowered by cutting services to members?	We are currently in the final stages of our due diligence discussions with Sunsuper; a detailed and robust process that has provided us with the opportunity to explore in more detail what synergies may exist and whether a merger is in the best interests of our members. QSuper is proud of our history of exceptional service to our members, and it is important to our Board of Trustees that this continues. A potential merger provides the opportunity for us to leverage the strengths of both funds so as to continue to deliver market leading product and services to our members. It is important to note, that while these are some of the opportunities a merger may bring, we are still undertaking due diligence and no decisions have been made. A merger will only take place if it is in the best interests of our members.
I understand that Sunsuper accounts have a substantially lower balance on average than QSuper members. Post-merger will the fee structure be review so that high balance QSuper members are not subsidising fees of lower balance Sunsuper members?	The focus at this time is on determining if the merger is in our members' best interests. Any potential merger creates the opportunity to develop a strong growing fund, that is able to leverage scale and capabilities, drive greater efficiencies, and deliver market leading products and services. During this process, consideration has been given to the differing member profiles and the impact this may have on our membership. It is important to note though, that building a more diverse membership profile is critical in ensuring the long-term viability and sustainability of our Fund. While these are some of the opportunities a merger may bring, we are still undertaking due diligence and no decisions have been made. A merger will only take place if it is in the best interests of our members.

Question	Answer
If the merger goes ahead how is it likely to affect fees	We are currently in the final stages of our due diligence discussions with Sunsuper; a detailed and robust process that has provided us with the opportunity to explore in more detail what synergies may exist and whether a merger is in the best interests of our members. QSuper is proud of our history of exceptional service to our members, and it is important to our Board that this continues. Any potential merger creates the opportunity to leverage scale and capabilities, drive greater efficiencies, foster a stronger competitive position in the market, and ultimately generate greater value for both our members in the form of enhanced services and competitive fees. It is important to note, that while these are some of the opportunities a merger may bring, we are still undertaking due diligence and no decisions have been made. A merger will only take place if it is in the best interests of our members.
QSuper does not have the lowest fees, Sunsuper has even higher fees. how much weight do you place on low fees?	As a profit for member fund, everything we do is for our members. Whilst we work hard to keep our fees low, fees are just one factor considered by the Board of Trustees in managing members' retirement savings. More information on our fees is located at qsuper.qld.gov.au/fees

Product and Marketing

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>Are there any plans to reinstate the QInvest paid investment advice service or is that a question for QInvest rather than QSuper?</td><td>We've listened to what our members want us to help them with. Overwhelmingly, our members have told us that they want assistance and advice about their investment strategy, ways to make the most of their QSuper account, and retirement planning. In response, we have recently expanded our over-the-phone advice service to help our members with these top-of-mind issues. The expanded service will result in more members receiving advice relating to superannuation, with no additional fee charged to the member for obtaining the advice.
Via QInvest, our members have in the past also had access to a fee-based comprehensive advice service, generally offered face-to-face. A review found that the demand for comprehensive financial advice from members and non-members was decreasing. As a result, the comprehensive advice service will no longer be offered to new clients. Existing comprehensive advice clients will continue to be serviced by QInvest as they always have for the remainder of their current agreement.
Many members already obtain advice from their preferred adviser. We will continue to work with these financial advisers to help them understand our members' QSuper account details and benefits.
Choosing a financial adviser is a very important decision and ASIC's Moneysmart page provides information to help you choose a comprehensive financial adviser that suits you and your goals: https://moneysmart.gov.au/financial-advice/choosing-a-financial-adviser
Members seeking a financial adviser should also review the practice fee schedule prior to committing to any formal advice arrangements. Independent adviser ratings agency, Adviser Ratings, states that the average advice fee is $3,600. Individual arrangements will mean that some members can expect to pay more or less than this average.
While a large number of QSuper members currently use a financial adviser, QSuper does not currently have any formal arrangements or affiliations with any advisers or practice. We recommend you exercise caution where an adviser or practice promotes themselves as being QSuper experts or being affiliated with QSuper.</td></tr>
<tr><td>At what age do insurance premiums cut out?</td><td>For QSuper members who have insurance via their Accumulation account, insurance cover (and premiums) finish at the following ages:
<table>
<tr><th>Type of cover</th><th>Age for most members</th><th>Age if you are a Queensland police officer</th></tr>
<tr><td>Death cover</td><td>70</td><td>60</td></tr>
<tr><td>Total & Permanent Disability cover</td><td>65</td><td>60</td></tr>
<tr><td>Income protection</td><td>65</td><td>60</td></tr>
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You can learn more about the insurance QSuper offers on our website.</td></tr>
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<tr><th>Question</th><th>Answer</th></tr>
<tr><td>Are members generally aware that they should appoint beneficiaries? I have heard of a person who died in NSW this year and the superannuation entitlements were retained by the fund. Thanks</td><td>Many QSuper members make a binding death benefit nomination or appoint a reversionary beneficiary for their Income Account. It's not compulsory to complete a binding death benefit nomination, or to nominate a reversionary beneficiary for your Income Account.
If you don't make a nomination – or your nomination is out of date or invalid – we will pay your benefit to your dependants (if you have dependants) or your legal personal representative (e.g. the executor of your Will).
QSuper follows a process to contact those listed on the deceased member's death certificate and distribute the money following the principles explained in our Death Benefit Claim Guide. For more information on what happens to superannuation entitlements when you die, visit our website, or contact us with any questions.</td></tr>
<tr><td>Why does insurance cut off at age 55? Members who have health issues over their lifetimes may find it impossible to get reinsured due to these past ailments.</td><td>The age at which your insurance ceases depends on the type of QSuper account you have.
If you have a Defined Benefit account, your insurance benefits finish at the following ages:
<table>
<tr><th>Type of cover</th><th>Age</th></tr>
<tr><td>Death cover</td><td>55</td></tr>
<tr><td>Total & Permanent Disability cover</td><td>55</td></tr>
<tr><td>Income Protection</td><td>75</td></tr>
</table>
For a Defined Benefit account, the insurance arrangements are set by the legislated rules of the defined benefit scheme.
For QSuper members who have insurance via their Accumulation account, insurance cover finishes at the following ages:
<table>
<tr><th>Type of cover</th><th>Age for most members</th><th>Age if you are a Queensland police officer</th></tr>
<tr><td>Death cover</td><td>70</td><td>60</td></tr>
<tr><td>Total & Permanent Disability cover</td><td>65</td><td>60</td></tr>
<tr><td>Income protection</td><td>65</td><td>60</td></tr>
</table>
The insurance arrangements for the Accumulation account are determined by the QSuper Board having regard to the interests of all members of the fund. QSuper considers our membership's insurance needs at different life stages and balances the level of default cover provided with premiums charged, so as to support our members to achieve their retirement goals.
You can learn more about the insurance QSuper offers on our website.</td></tr>
<tr><td>Can we have a clearer timeline on the introduction of the new product to give greater assurance to retirees that their superannuation will last? It was first touted on the 1st September 2020 seminar.</td><td>QSuper is continuing to progress work on a potential new product (the Lifetime Pension). The product being considered is a third source of retirement income for our members to use together with the existing Age Pension and an Income account. We anticipate being able to make further announcements in early 2021. You can register your interest at www.qsuper.qld.gov.au/lifetimepension to hear more as soon as we have updates to share.</td></tr>
</table>

Question	Answer
Why can't QSuper offer critical illness insurance	Under superannuation legislation, critical illness insurance is not permitted to be provided by or through a superannuation fund. QSuper offers death, total & permanent disability (TPD) and income protection insurance through a group life insurance policy - these types of insurance are permitted under superannuation legislation.
Thanks for offering me the opportunity to ask my question. While I am aware that broking fees are required, I ask why QSuper charge self-invest members $29.95 for broking, when members are also being charged $24 per month for access to the trading platform? When comparing the broking charge my bank charges [$19.95] or others charge as low as [$5] while still offering HIN for each trade. I ask are you not gouging your own members who wish to manage some of their own funds. Thank you	QSuper is a profit-for-member fund. In line with this, in the Self Invest option we seek to charge fees on a cost-recovery basis. In negotiating the fees with our service provider, we have aimed to design a fee arrangement that provides value for money with respect to the services provided for our Self Invest members. QSuper continually works to enhance our products and investment options to deliver ongoing value to our members We are committed to keeping our fees low, and we review our fees regularly. We will include your comments in our next review of fees for the Self Invest option. Thank you for taking the time to provide your feedback.
Is there a time frame for release of the new product mentioned to ensure Super payments will last for whole of life?	QSuper is continuing to progress work on a potential new product (the Lifetime Pension). The product being considered is a third source of retirement income for our members to use together with the existing Age Pension and an Income account. We anticipate being able to make further announcements in early 2021. You can register your interest at qsuper.qld.gov.au/lifetimepension to hear more as soon as we have updates to share.
Michael (Pennisi) touched on what is the new Income Stream product which I imagine is the MyRetirement option that I first heard of in August which is the combination of an Allocated Pension & Lifetime Pension. What is the timeline for this? My local Federal MP [..] assured me there is no legislation issue preventing QSuper providing a CIPR. The legislation not being passed was given to me by QSuper as the reason for delay. Please clarify?	QSuper is continuing to progress work on a potential new product (the Lifetime Pension). The product being considered is a third source of retirement income for our members to use together with the existing Age Pension and an Income account. We anticipate being able to make further announcements in early 2021. You can register your interest at qsuper.qld.gov.au/lifetimepension to hear more as soon as we have updates to share.
What is available on the app and what does it mean for me	The app is a new helpful way for you to interact with your QSuper account. With the QSuper app, you can view your balance and investments, track your transactions, give your employer your QSuper details, and download your statements on your mobile device.

Question	Answer
What are the options going forward for those who have had comprehensive advice from QInvest and believe this is still important given the decision re discontinuation of this service?	We've listened to what our members want us to help them with and overwhelmingly, our members have told us that they want assistance and advice about their investment strategy, ways to make the most of their QSuper account, and retirement planning. Following the changes, QSuper members now have two options for accessing personal financial advice: 1. QSuper advice – This is offered over the phone at no additional fee. This service offers our members assistance and advice on their QSuper account and includes topics such as investment strategy, additional superannuation contributions, and choosing insurance. Following member feedback this service has recently been expanded to include QSuper retirement advice. 2. Your preferred financial adviser – QSuper continues to support independent financial advisers by helping them to understand our members' QSuper account details and benefits. We are aware that choosing a financial adviser is a very important decision and ASIC's Moneysmart page provides information to help you choose a comprehensive financial adviser that suits you and your goals: moneysmart.gov.au/financial-advice/choosing-a-financial-adviser QSuper does not currently have any formal arrangements or affiliations with any advisers or practices. Further details on these options are available on our website at qsuper.qld.gov.au/advice

Other

Question	Answer
Why are your board members not racially diverse? Why not a single 1st nation representative or NESB on the board?	QSuper is a strong advocate for diversity and inclusion and believes that harnessing a broad range of experiences, backgrounds, work styles and points of view makes the Fund more reflective of its members, ultimately delivering better decisions in members' interests. QSuper has established a formal Diversity Council with its purpose being to support the vision of QSuper's Diversity and Inclusion Strategy by overseeing progress of key objectives, approving new initiatives, monitoring relevant diversity reporting and having input into the development of future strategies. QSuper also has a formal Diversity & Inclusion Policy which states that QSuper appoints people to roles based on their qualifications, skills and experience relevant to the role and does not discriminate unfairly on the grounds of for example age, gender, race, national or ethnic origin, language, religion, political beliefs and affiliations, sexual orientation or disability. Whilst QSuper can and does promote diversity and inclusion within its staff, appointments to the QSuper Board are bound by a legislated Board appointment process and therefore the QSuper Board does not currently have prescribed gender or diversity targets.
Do all board members have their own super savings in QSuper - do you have skin in the game?	QSuper Trustees are a mix of both QSuper members and non-QSuper members and this information is disclosed in QSuper Conflict of Interest & Duty document on QSuper's website. It is noted that Federal legislation prohibits independent board members from being members of the fund on which they are serving.

Question	Answer
I am wondering if your phone advisory service has been extended to internationally based members? Previously I have received advice over the phone when in Australia, however have been unable to return during this pandemic.	Unfortunately, there are restrictions on the advice we can provide to internationally based members. However, if you contact our Member Services team on +61 7 3239 1004, we will be able to discuss the options available to you as an internationally based member.
Can [the Chair] talk about why you decided to join QSuper rather than another Industry super fund?	Don Luke, Chair of the QSuper Board: *I was privileged to be approached by QSuper and asked to take on the role of Board Chair having had previously served as Chair of QIC, a Queensland based investment management firm, and prior to that as CEO of Sunsuper. I'm a strong advocate of the importance of superannuation in peoples' retirement and I've long admired QSuper's singular focus on its members. The Fund has a long and proud history; regularly winning industry awards for its service, innovation, and performance, and I was very pleased to be appointed Chair of the QSuper Board to continue this important undertaking.*

We are unable to answer questions which would require us to disclose personal information, legally privileged information, confidential or commercial-in-confidence information or which could result in the provision of financial advice. There are also a range of questions which were either not relevant or not within the legal scope of questions which are appropriate to be asked and answered in a public forum. We have not answered these on the website, but have chosen to interact directly with members in relation to these queries.

Phone

1300 360 750 (+617 3239 1004 if overseas)

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