Annual Members' Meeting

Questions from members

Financial year 2020/2021

Members' questions	QSuper's answer
Members asked a number of questions surrounding QSuper's position on investments with ties to nuclear weapons, and investments related to the manufacture of components of nuclear (and/or conventional) weapons systems. **The full list of members' questions on this topic is provided in Appendix A. We will respond to these thematically linked questions as one.**	QSuper's investment strategy is based on a set of investment principles that are at the core of our investment process. Our portfolios reflect these principles and target stated investment objectives expressed in both return and risk terms. Separately, we also factor a set of ethical guidelines into our investment decision making. QSuper does not invest in companies involved in the manufacture of cluster munitions or landmines across its entire portfolio. QSuper is mindful of international conventions to which the Australian Government is a signatory. Australia is not currently a signatory to the Treaty on the Prohibition of Nuclear Weapons. QSuper's main basket of equities has a very small percentage (approximately 0.48% as of 31 October 2021) of holdings with some tie to nuclear weapons and a small percentage (approximately 3.85% as of 31 October 2021) of holdings with some tie to the manufacture of conventional (including depleted uranium), biological/chemical, or nuclear weapons systems and components. The Balanced option, for example, has an allocation to equities of approximately 38% (as of 31 December 2021), so the percentage of equities invested in Balanced with some tie to nuclear weapons would be about 0.18% and to conventional weapons about 1.46%. Given our focus on diversification, we do not screen out companies based on participation in the weapons industry more broadly, because this would exclude firms in many other sectors, such as aerospace, avionics, navigation, and communications technologies. We understand that members adhere to many different ethical beliefs and investment preferences, which is why we offer a range of investment options. The Socially Responsible option seeks investments in environmental and social issues that are important to our members: • Clean energy • Conservation and the environment • Waste reduction and recycling • Food and water scarcity • Medical and technological innovation • Education • Health care • Green buildings.

	Through our approach, the companies selected for the Socially Responsible option must predominantly generate their revenue from those activities. Therefore, it is considered unlikely that a company would meet the option's inclusion criteria and generate a significant portion of revenue from nuclear weapons. You can find more information about our Socially Responsible investment option, including a complete list of the shareholdings on our website at qsuper.qld.gov.au/investments/options/socially-responsible/socially-responsible-investment-sri. QSuper's Self Invest is another option available for members who desire more granular control of the investment of their retirement savings. Through Self Invest, you can choose individual large Australian companies listed on the S&P ASX 300, a range of Australian and overseas companies through exchange-traded funds, and term deposits issued by Australian banks. More information about Self Invest is on our website here: https://qsuper.qld.gov.au/investments/options/self-invest. The exclusions we apply to our listed equities do not apply to Self Invest; instead, members are free to make their own, personal decisions when it comes to ethical investing through Self Invest. Feedback from members on this matter will be taken into consideration as the incoming combined investment team of Australian Retirement Trust reviews its policies and procedures following the merger.

We have a Socially Responsible option, which I am fully invested in. But it implies that there are socially irresponsible investments that are made by QSuper. Can we work towards making all QSuper investments socially responsible by default?	QSuper's investment strategy is based on a set of investment principles that are at the core of our investment process. Our portfolios reflect these principles and target stated investment objectives expressed in both return and risk terms. This includes QSuper's sustainable investment policy that proffers that effective stewardship of members' retirement savings requires that we integrate environmental, social, and governance (ESG) considerations into QSuper's investment process at all levels. We consider that the monitoring and managing potential risks emanating from ESG factors we perform as part of our investment strategy is consistent with pursuing the best financial interests of members. QSuper does not directly own shares in companies involved in manufacturing: • cigarettes and other tobacco products; • cluster munitions; or • landmines. QSuper does not specifically screen out other sectors like weapons, gambling, or adult entertainment at this time. These investment criteria apply to the following QSuper investment options: Lifetime, Moderate, Balanced, Aggressive, Socially Responsible, Australian Shares, and International Shares. They do not apply to Cash or Diversified Bonds (which do not hold any shares in companies), or Self Invest (where members direct their own investments among the available selections). On fossil fuels, QSuper is committed to using its strength as an investor to influence the reduction of carbon emissions that contribute to climate change. This commitment, which you can read in full on our website, includes aligning our portfolios to a decarbonisation path consistent with the ambition of the Paris Agreement (achieving net-zero carbon emissions by 2050). Rebalancing our global equities portfolio in September and December 2021 resulted in a significant decrease in the carbon footprint of QSuper's equity investments through divestment of some companies. It is important to note that although divesting sends a market signal, it does not actually reduce emissions. As such, QSuper has not explicitly committed to a blanket divestment of all fossil fuel companies in the portfolio. We continually review the net-zero emissions commitments of all companies in which we invest and have plans in place for reassessing our investments in view of mitigating true member risk. As you note, the Socially Responsible (SR) option goes a step further than our other options. Since we brought its management in-house in July 2020, we have sought positive investments for it in environmental and social issues that are important to our members, like clean energy, waste reduction, and recycling and green buildings. This focus on the positive acts as a natural screen that seeks to minimise the exposure the option has (if any) to issues with negative environmental or social impacts. Feedback from members on this matter will be taken into consideration as the incoming combined investment team of Australian Retirement Trust reviews its product suite following the merger.

I am a QSuper member. If I start a new job with a new employer in March 22, can I and my new employer make contributions to my QSuper accumulation account?	If you remain a member of QSuper (soon to be the QSuper part of Australian Retirement Trust), you can continue to make and receive all contribution types to your QSuper Accumulation account, including contributions from any employer after the merger. For more information on how your employer can contribute to your QSuper account, please visit qsuper.qld.gov.au/usi or view payment details on Member Online.
It appears our Qld Govt gave 400 million dollars to Virgin Airlines. Will this policy continue after the merger?	QSuper is not in a position to respond, as this is a Queensland Government matter, which is not related to the investment or administration of QSuper member benefits.
Can you please comment on the recovery of the Balanced option since the start of the Covid-19 pandemic? Will losses be recovered in the near future?	The Balanced option unit price was up approximately 25% at the end of 2021 from the lowest unit price reached in the early phase of the COVID-19 pandemic. The unit price had recovered from the pandemic low by January 2021. If you would like more information, please visit the investment performance page on our website, which includes historic unit prices and interactive graphs.
Does QSuper offer a super option to members allowing a) significant exposure (say 30-40%) to alternative assets b) lower exposure to bonds (say under 10%) and preferably c) some combination of the above? If not, would it consider doing so?	QSuper's portfolios are diversified and include exposures to both alternatives (momentum, and equity put-write protection), commodities (including precious metals), and bonds. These portfolios are managed by QSuper, and asset allocations are updated regularly on our website. Some options include unlisted assets like private equity and infrastructure, which we identify separately from alternatives. We use alternatives because their return profile is expected to differ from that of bonds and equities, which are our main exposures. We use them to diversify and because we can implement them in a capital-efficient manner, freeing cash up for other purposes. Our Aggressive option has close to 3% in alternative assets, with a potential range of 0-25%. Balanced is similar, with 2.6% in alternatives and the same available range. Moderate has 1.8% in alternatives, with a range of 0-12.5%. When QSuper becomes part of Australian Retirement Trust, we will be considering our product suite and taking member feedback into account, so we thank you for the suggestion.

Is there any distinction between QSuper members and those who have been managed by Sunsuper on behalf of other entities? What plans exist for QSuper member's products and Sunsuper member's products to be integrated or new products and services that may eventually replace existing products?	When QSuper and Sunsuper merge, there will be no immediate changes to investment options available, insurance, and administration fees for products that were previously offered by QSuper and Sunsuper. QSuper will continue as part of Australian Retirement Trust, providing an offering for existing members and new members who meet the eligibility criteria. From 28 February 2022, applicants will have to meet at least one of the following conditions to join the QSuper part of Australian Retirement Trust: • Be employed by the Queensland Government or QSuper default employer; or • Be a spouse of a QSuper member; or • Be a child (who joins while under age 25) of a QSuper member. For the purposes of these eligibility conditions: • A spouse includes someone you are legally married to or in a de facto relationship with (including same sex partners). • A child includes adopted children, stepchildren, and the children of your spouse. This means that if you close your QSuper account (e.g., by transferring your money to another super fund), you may not be able to access some QSuper products after 28 February 2022 unless you meet the eligibility conditions. There will be a change to product names for existing Sunsuper products from 28 February 2022. Information on these changes and more is available on Sunsuper's website at www.sunsuper.com.au/merger.
Hi again, I have my super funds split between QSuper and AustralianSuper. I have Balanced and Aus share options in both funds. QSuper consistently underperforms Aus Super in both categories, and has done for a while. What do you do internally to monitor your performance with other funds and apply learnings/strategies to improve performance for your members? Thank you.	QSuper and AustralianSuper have different approaches to investing in their Balanced options and Australian Shares options, and these will deliver different outcomes at different times. The QSuper approach aims to provide strong long-term performance with less volatility. Taking the approach to the Balanced options, for example, AustralianSuper has a structurally higher listed equities allocation. This means that AustralianSuper tends to outperform at times when equities have high returns, which has been the case recently. You often hear that past performance is not indicative of future performance. This statement applies to all returns, high or low. QSuper continually monitors its investment options, including the performance of each option.

How does amalgamation with Sunsuper bring advantages to current QSuper members? I am interested in comment by QSuper leaders if by amalgamating with other superannuation funds that this will make QSuper too big to respond quickly and nimbly to changing financial road bumps. Do QSuper leaders have any comments on if size can be too big in a superannuation fund?	The merger will establish one of the largest superannuation funds in Australia delivering scale to drive efficiencies and the ability to provide outstanding customer service in an increasingly competitive market. It is anticipated that the size and scale of Australian Retirement Trust will enable delivery of a range of potential financial and non-financial benefits, including reduced fees, enhanced products, strengthened organisational capability and technology, as well as leverage and scale to address market forces and anticipated regulatory change with increased influence. The trustee will continue to administer the fund for the benefit of our members, including by making decisions on internal capabilities and having regard to the changing external environment.
Does QInsure offer discounts for QSuper members?	QInsure provides insurance solely for QSuper members. Insurance premiums are based on a member's age, level of cover, and occupation rating, and this applies to all QSuper insured members.
Would like to know what is QSuper investment strategy? Where would my retiring money be invested?	Where your money is invested depends on the option or options you have chosen. In general, each option has its own investment timeframe and corresponding risk rating. QSuper's default (MySuper) option within the Accumulation Account is Lifetime. This investment option automatically personalises your investment strategy based on your age and account balance. If you do not select a particular investment option or options when your Accumulation Account is opened, you will automatically be placed in the Lifetime cohort that matches your age and account balance. There are a range of investment options available for you to choose within the Accumulation Account. Our diversified investment options offer diversification across several asset classes, such as shares, bonds, real estate, and infrastructure. Our single-sector options invest in cash, diversified bonds, Australian shares, and international shares. Self Invest allows you to tailor your own investment strategy by combining QSuper's investment options with Australian shares, exchange-traded funds, and term deposits. Find out more about our investment options at qsuper.qld.gov.au/investments.

Given Amnesty International's recent report condemning the oppression and domination of Palestinians, and its demand that Israeli authorities be held accountable for apartheid which amount to crimes against humanity, how will QSuper ensure that its investments are not with companies that support Israel?	QSuper's exposure to companies domiciled in Israel overall is under 0.9% for our main equities portfolio, under 0.7% in the equities component of the SR option, and under 0.2% in the International Shares option. To our knowledge, none of the Israeli companies in which we are invested have been identified as having breached human rights, per the UN's Guiding Principles. If information arises on any portfolio company's involvement in such a breach, we will review the circumstances and our investment.
Can we have more information on the lifetime Pension, please?	The Lifetime Pension is our new retirement product that provides you with fortnightly, tax-free income payments for the rest of your life, and for the life of your eligible spouse if you choose the spouse protection option. You can start a Lifetime Pension from your 60th birthday up to your 80th birthday, and where you meet other eligibility conditions. Some of the Lifetime Pension features at a glance. • **Income for life** - Tax-free, fortnightly payments for life – no matter how long you live. • **Spouse protection option** - If chosen, your spouse will continue to receive, fortnightly payments for life if they live longer than you. • **Potential Age Pension benefits** - Potentially receive a higher Age Pension than you may otherwise have qualified for, if you are eligible. • **Payments are adjusted each year** - Your payment amount will be adjusted each financial year to reflect the performance of the underlying investment of the Lifetime Pension pool and other factors such as fees and costs and mortality experience. This means that while payments are expected to increase over time, they may go up or down. • **Time to decide if Lifetime Pension is for you** - While you can't make lump sum withdrawals, you can exit the product during the six-month cooling-off period. After the six-month cooling-off period, the decision to acquire the product is permanent. • **Money-back protection** - The Lifetime Pension is designed so that you receive at least your purchase price back in fortnightly payments, or the remainder goes to your beneficiaries once you pass away. To find out more, refer to our *Product Disclosure Statement for Retirement Income account and Lifetime Pension*.

Why is Death Benefit money taxed?

The tax rules that apply to super death benefits are governed by Commonwealth legislation (*Income Tax Assessment Act 1997*).

Whether tax is applied to a super death benefit depends on several factors, including:

- Whether the person receiving the benefit is a dependant for tax purposes
- How the benefit is paid (i.e., lump sum or income stream)
- The age of the person receiving the benefit
- The age of the deceased member
- The tax components of the benefit.

Under taxation law, a death benefit dependant includes:

- The deceased's spouse or former spouse
- A child of the deceased under 18 years old
- A person financially dependent on the deceased
- A person in an interdependency relationship with the deceased.

Please see the following table for further explanation on the tax on super death benefits.

Type of benefit	Age of deceased	Age of beneficiary	Tax treatment - taxed element	Tax treatment - untaxed element
Superannuation lump sum paid to dependant	Any age	Any age	Tax free	Tax free
Superannuation lump sum paid to non-dependant	Any age	Any age	Taxed at a maximum rate of 15% (plus Medicare levy)	Taxed at a maximum rate of 30% (plus Medicare levy)
Superannuation income stream paid to dependant	60 years or older	Any age	Tax free	Taxed at marginal rates with a 10% tax offset
	Any age	60 years or older	Tax free	Taxed at marginal rates with a 10% tax offset
	Under 60 years	Under 60 years	Taxed at marginal rates with a 15% tax offset	Taxed at marginal rates with no tax offset

You can find more information by contacting the Australia Taxation Office (ATO) or in the QSuper Death Benefit Claim Guide available on our website.

What specific changes have been made to be more responsive and responsible regarding climate change risks?	In 2021, QSuper developed its Climate Change Policy, which includes a commitment to align the QSuper portfolios to a decarbonisation path consistent with achieving net-zero carbon emissions by 2050 in line with the Paris Agreement. In September and December 2021, we divested (sold) companies in our equities portfolio that were assessed as having weak or no commitments to achieve net zero emissions by 2050. Further, we are working on a detailed understanding of the physical and transition risks to which our entire portfolio is exposed, at an asset level and under various climate scenarios. This will inform our setting of shorter-term targets. We will disclose our progress through a report that adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the year ending 30 June 2022.
How is QSuper using its voice as a large asset owner to advocate for effective policy and business responses dealing with climate change?	An important pillar of our climate change strategy is engagement. QSuper engages listed companies both directly and indirectly through our memberships in several advocacy bodies: the Investor Group on Climate Change, the Australian Council of Superannuation Investors, and Climate Action 100+.

I am surprised that Real Estate has had modest return (is that correct?) considering the current market. What kind of real estate is invested in and where (Australia/ Overseas)?	QSuper invests in multiple facets of the real estate market, including for-rent residential apartments, industrial / logistics warehouses, retail shopping centres, and office buildings. We invest in real estate across the globe, but our largest exposures are to the United States and Australia. The COVID-19 pandemic has had different effects on global real estate markets: • The acceleration of e-commerce adoption benefitted industrial/logistics assets as companies have needed space to store, sort and distribute online goods. • Residential for-rent apartments proved their resilience as people not only needed a place to live but now also to work from home. Accordingly, the performance of the industrial and multifamily assets in our portfolio was strong. • The converse to the above effects was experienced in our retail and office assets; people are still not visiting shopping malls to the extent they were before the pandemic. Tenants are downsizing their physical presence in favour of online sales, reacting to changing consumer preferences. Although people are slowly returning to the office, office occupancies are well down from pre-pandemic levels, which is causing investors to be uncertain about where office demand will settle in the medium to long term. Accordingly, the performance of the retail and office assets in our portfolio was modest, offsetting the strong performance from our residential and industrial holdings. QSuper does not invest in single-family residential homes, which have performed well more recently in Australia. We aim to build a diversified portfolio. Our portfolio construction recognises that for many of our members, their largest asset is their own home (and many of our members own an additional residential investment property), so our membership base has a material exposure to this risk/return opportunity already through their own portfolios. Our investment team will continue to monitor changes in the real estate sector closely to determine how to best rebalance QSuper's real estate portfolio to maximise member outcomes.
Do you have a product which focuses on all-Australian products (to support local markets, which are currently quite strong) as an option for members?	Yes, although it is important to note our investments are in companies, not in specific products or services. QSuper's Australian Shares investment option is invested exclusively in companies listed on the S&P/ASX 200, which encompasses the 200 largest publicly traded companies in Australia. Our Self Invest option offers members flexibility to choose how their retirement savings are invested among companies listed on the S&P/ASX 300, Australian exchange-traded funds, and term deposits from Australian banks. QSuper's single-sector Cash option is currently only invested in domestically-issued securities: negotiable certificates of deposit (NCDs), term deposits and at times Treasury notes. Some of the NCDs we invest in are from local issuers of foreign banks but these are local legal entities that invest the funds in domestic activities.

What way, if any, do members have in providing feedback to the board or CEO in relation to decisions made by the board. Are contributors more like bank customers or shareholders?	The QSuper Board acts as trustee for the QSuper Fund and in this capacity, it makes decisions that it believes are in the best interests and best financial interests of members. It has a fiduciary responsibility and must comply with both the legislative and regulatory frameworks that apply to the superannuation industry. QSuper holds an Annual Members' Meeting to provide members with the opportunity to raise questions about the Fund. We are always interested in member feedback, so members can get in contact with us year-round in many ways to provide feedback; these are outlined on our Contact us page on our website.
How often do QSuper change the investment mix in each option and what has to occur before changes are made.	QSuper manages all its diversified investment options dynamically with a daily process that monitors and adjusts asset allocations to reflect market movements and cash flows. Separately, QSuper's investment strategy is reflected in the longer-term asset allocation, which is reviewed and approved by the Investment Committee at least annually.
Which fund holds the greater funds Sunsuper or Q Super?	The funds held or managed by a superannuation fund can be reported differently depending on a number of factors. For a consistent comparison, we've compared Sunsuper Superannuation Fund (Sunsuper) and QSuper total members' benefit amounts for year ending 30 June 2021 as published by the Australian Prudential Regulation Authority (APRA). At that time, Sunsuper held approximately $89 billion in member benefits, compared to QSuper's approximately $123 billion.
Which is the largest Super in Aust - given Australian Retirement Trust will be 2nd.	According to the Australian Prudential Regulation Authority's (APRA) *Annual fund-level superannuation statistics* for year ending June 30 2021, AustralianSuper fund held the highest total amount of member's benefits of any superannuation fund in Australia. This was approximately $231 billion. When QSuper and Sunsuper merge, Australian Retirement Trust is expected to be Australia's second largest superannuation fund on a members' benefits basis, taking care of over $200 billion in retirement savings.
Australian Retirement Trust - what is the membership profile, given QSuper is predominantly Qld Public Servants?	When QSuper and Sunsuper merge, Australian Retirement Trust will be one of Australia's largest superannuation funds, taking care of over $200 billion in retirement savings for more than 2 million members. Demographic information for the membership of Australian Retirement Trust will be assessed following the merger to identify the predominant base (meaning more than half the overall fund membership represent a particular membership base classification) if any predominant membership can be identified. QSuper has a predominantly government membership base. Further demographic information about QSuper members can be found in our Annual Report 2021 available on our website.

Hopefully post Covid members will have the choice of a face-to-face meeting with an adviser vs phone discussion. Many of us like to have the f/f - even if it is Zoom. Body language is such an important aspect of communication.	We are considering and investigating the potential for a return to face-to-face meetings and/or the ability to hold appointments via video conferencing tools, as we understand the communication benefits that this would provide to both our clients and financial advisers.
In the long term does the reference by Don Luke of QSuper being the Government division necessarily mean all existing QSuper members or just those members who are pre-retirement or defined benefit?	All existing QSuper products and members (whether pre-retirement, retirement, or defined benefit) will remain in the QSuper part of Australian Retirement Trust. If you are a member of QSuper when we merge, at that time, your membership and benefits will continue in your existing QSuper product in the QSuper part of Australian Retirement Trust.
About the Lifetime Pension product. When you die does the left-over money go into your estate?	The Lifetime Pension aims to provide you with the peace of mind through fortnightly tax free income payments for the rest of your life. If you pass away before receiving Lifetime Pension payments equal to your purchase price, the difference is payable as a death benefit to your estate or beneficiaries. If you have purchased the spouse protection option, payments will continue to be paid to your spouse when you pass away. Payments will continue to be made, if eligible, regardless of who lives the longest if you choose the spouse protection option. If you choose the spouse protection option and both you and your spouse pass away before receiving pension payments equal to your purchase price, the difference is payable as a death benefit to your estate or beneficiaries. If you, or you and your spouse (if the spouse protection option is chosen), have received Lifetime Pension payments in excess of the initial purchase price, then no death benefit is payable. For example, if you purchased a Lifetime Pension for $200,000 and have received $300,000 in fortnightly payments. Please also note that death benefits payable may be limited to legislative maximums. Refer to our legislative maximums and adjustments for negative returns. The money-back protection may be limited in rare circumstances by a legislative maximum known as the capital access schedule. This schedule limits the proportion of the purchase price that may be returned as a death benefit. Further details are available in the *QSuper Product Disclosure Statement for Income Account and Lifetime Pension*.

Beyond reduced admin fees, what are other future benefits outlined in the merger's business case?	The merger will establish one of the largest superannuation funds in Australia delivering scale to drive efficiencies and the ability to provide outstanding customer service in an increasingly competitive market. In addition to reduced administration fees, financial benefits are also expected to improve member outcomes by lower investment fees as investment synergies are implemented. It is anticipated that the merger could deliver a range of potential non-financial and strategic benefits including enhanced products, strengthened organisational capability and technology as well as the leverage and scale to address market forces and anticipated regulatory change.
Hi, the main reason I have switched to QSuper was that I could and did understand all fees and features of each investment options available on the fund. The information is very clear, fees are well explained and are very clear for each option. So, I want to thank you for making the complicated information understandable easily. My question is: are we going to be able opt in the same investment options, or keep the current investment strategies after the merger? Thanks.	Yes, there will be no changes to QSuper investment options and investment strategies when we merge. You will automatically remain invested in the same QSuper investment option that you are now when QSuper becomes part of Australian Retirement Trust, and you will continue to have access to the same QSuper investment options should you wish to change your investments. We are happy to hear you are pleased with the transparency of our fee disclosure. QSuper and Sunsuper have agreed that from 1 July 2022: • Administration fees that you pay from any of your QSuper Accumulation account and Income account(s), and those that are deducted from the Lifetime Pension pool, will be reduced from 0.16% to 0.15% per annum[1] • The administration fee cap will be reduced from $900 to $875 per annum, so that any administration fees you pay on your QSuper Accumulation and/or Income account(s) over the cap of $875 in a financial year (that's the combined figure for all of these accounts) will be rebated back to you in July of the next financial year, as long as you still have a QSuper Accumulation and/or Income account with Australian Retirement Trust at the time of the refund. **1** This decision to reduce fees is subject to confirmation by the trustee of Australian Retirement Trust after 28 February 2022. Further information will be provided once that decision has been made.
Are you aware that due to the addition of a pandemic clause in the PDS for members income protection insurance that no frontline workers will be covered for long term long covid effects including heart, lung, and mental health issues?	From 11 March 2020, we updated our pandemic exclusion to no longer apply if you received default cover: • automatically as a result of working with the Queensland Government or a default employer or • you applied for within the first 120 days of starting work with the Queensland Government or a default employer. This change was to ensure we could support our members (particularly our frontline workers) during the COVID-19 pandemic. Where the pandemic exclusion does apply to cover, it means we cannot pay a benefit if the claim arises either directly or indirectly from a pandemic illness within the first 30 days of receiving new cover. Where a claim arises after 30 days from the cover commencing, members will not be prevented from receiving a benefit due to the pandemic exclusion (as it will not apply).

Will products names and types be changed after the merger? Will there be more QSuper than Sunsuper or vice versa? Or will totally new products be developed, and will members need to change their chosen investment type? How will products offered be selected?	There will be no name change to the QSuper products offered as part of the Australian Retirement Trust. The name of existing Sunsuper products and accounts will change as we merge to become Australian Retirement Trust. Information on these changes and more is available on Sunsuper's website at sunsuper.com.au/merger. There will also be no immediate changes to the investment options available, insurance, administration fees, or account details for members of QSuper on the day we merge with Sunsuper. For more information on our merger with Sunsuper visit our website at qsuper.qld.gov.au/learn/merger.
Will the merger reduce the cost of insurance products that QSuper currently offers?	QSuper evaluates the insurance product and the premiums charged regularly to ensure that they are appropriate for the QSuper membership. While there will be no changes to QSuper insurance premiums when we merge, we will continue to evaluate the QSuper insurance offering and pricing following the completion of the merger.
How will the management team be selected after the merger?	The future Board of Australian Retirement Trust was announced in March 2021 and will comprise 13 directors from the existing boards of the two organisations. The Chair of the Board of the merged fund will be Don Luke, current Chair of QSuper, and the Chief Executive Officer will be Bernard Reilly, current CEO of Sunsuper. Both have extensive experience as leaders of fund management and superannuation organisations. The executives appointed to Australian Retirement Trust have been progressively announced since September 2021 and include current QSuper and Sunsuper executives as well as external appointments. Details of the Board and executive appointments for Australian Retirement Trust are available on our website at qsuper.qld.gov.au/learn/merger
Does QSuper use derivatives for liquidity and risk management reasons and does this include the use of synthetics?	Yes, QSuper uses derivatives for liquidity and risk management purposes. The primary tools used are futures and forward foreign exchange (FX) contracts. We consider that these create synthetic exposures but also regard them as the simplest form of derivatives. Futures that QSuper uses are publicly traded on exchanges and closely track the underlying index (for example, SPI futures contracts track the S&P/ASX 200 index). Forward FX contracts are used to manage QSuper's currency risk and are traded on a bilateral basis through a panel of counterparties. They are commonly against Australian or US dollars, depending on the exposure in underlying currency. QSuper employs a series of controls to ensure that all derivative exposures are properly captured, valued, and monitored within the portfolios. All derivative margining obligations are monitored and managed on a daily basis to ensure that these obligations are met.

How long will it take to effect the merger and deliver the benefits/efficiencies of the merger	The merger will establish one of the largest superannuation funds in Australia delivering scale to drive efficiencies and the ability to provide outstanding customer service in an increasingly competitive market. The combination of scale, scope and capability sets the foundation for exceptional member outcomes, growth, and leadership. It is anticipated that the size and scale of Australian Retirement Trust will enable delivery of a range of potential financial and non-financial benefits, including reduced fees, enhanced products, strengthened organisational capability and technology, as well as leverage and scale to address market forces and anticipated regulatory change with increased influence. One of those anticipated benefits, in the short-term, is the planned administration fee reductions. In particular, QSuper and Sunsuper have agreed that from 1 July 2022: • Administration fees that you pay from any of your QSuper Accumulation account(s) and Income account(s), and those that are deducted from the Lifetime Pension pool, will be reduced from 0.16% to 0.15% per annum[1] • The administration fee cap will be reduced from $900 to $875 per annum[1], so that any administration fees you pay on your QSuper Accumulation and/or Income account(s) over the cap of $875 in a financial year (that's the combined figure for all of these accounts) will be rebated back to you in July of the next financial year, as long as you still have a QSuper Accumulation and/or Income account with Australian Retirement Trust at the time of the refund. **1** The decision to reduce fees is subject to confirmation by the trustee of Australian Retirement Trust after 28 February 2022. Further information will be provided once that decision has been made.
Will QSuper consider the eligible equities to the All Ordinaries index i.e. the top 500 stocks by market cap as an option for Self Invest?	QSuper's Self Invest currently provides the opportunity for members to invest in the S&P/ASX 300, an index featuring all ASX 200 companies and approximately 100 smaller-cap shares. We review our Self Invest investment offerings annually. Thank you for your feedback, which we will consider as part of the upcoming review.
Hi. In the Balanced account, is the QSuper investment philosophy being retained for those already invested in that account? Alternatively, is the Sunsuper philosophy the new normal for all of the members?	There are no plans at this time to change the investment approach for the QSuper products and investment options once we merge.
Is Charles Woodhouse continuing in the role of CIO in the amalgamed group. We hope so given his positive input over many years.	We were pleased to commence announcing our executive appointments for Australian Retirement Trust in September 2021. Charles Woodhouse has accepted the role of Deputy Chief Investment Officer, reporting to Chief Investment Officer Ian Patrick. Ian is the current Chief Investment Officer for Sunsuper.

In relation to investment advice facilities, why are there no longer the ability to have face to face meetings which I, as an older person, found were very helpful? Also, after receiving a statement of advice if there are any changes to be considered, a new phone meeting is required, and a different adviser is required who has to then familiarise themselves with my situation?	We are currently considering and investigating the potential for a return to face-to-face meetings and/or the ability to hold advice appointments via video conferencing tools, as we understand the valuable communication benefits this provides to both our clients and financial advisers. The demand for our personal financial advice services, offered at no additional cost to QSuper members, is high. Because availability differs between our clients and financial advisers, it is not always possible to have an appointment with the same financial adviser. If a client wishes to speak with a specific financial adviser, and a mutually convenient time can be arranged, we can facilitate a meeting.
Please explain the difference in in risk between Balanced and Aggressive when the website shows the same equity portfolio except for the percentage of funds allocated.	Our Balanced option has a "medium" risk rating, while our Aggressive option's risk is considered "medium to high." Although both options invest in the same equity strategy, Aggressive has higher allocations than Balanced to listed equities and other growth assets, which tends to drive higher return and volatility. You can find more information about the use of standard risk measures on our website at qsuper.qld.gov.au/srm.
At the moment the return on the Balanced investment option is 3.37 % . Assuming a linear growth this is unlikely to exceed 6% for the year. We have had some great returns in the past, and I understand the current difficulties, do you see any opportunities for improvement on the balanced option this financial year?	The investment strategy is designed to deliver long-term returns while smoothing the ups and downs of the market. Equities (including Privacy Equity) enjoyed strong returns over 2020-21, so forward returns could be challenging. Commodities and diversified alternatives also performed strongly over this period. Fixed interest, however, fell marginally over this period. Foreign exchange gains partly unwound after COVID-19 in 2020-21, given the rise in equity prices supporting risk sentiment and an appreciation of the AUD. But the recent risk-off tone that has caused equities to sell off and the Australian dollar to depreciate has supported QSuper's currency portfolio and reversed much of those currency losses. Short-term performance is difficult to predict.

Has QSuper had a view on this new Proxy Advice regulatory approach and does this relate to the Board funding action recently?	Regulations making changes in relation to proxy advice and the voting by super funds at shareholder meetings of listed entities, were recently disallowed and ceased to have effect. QSuper currently publishes on our website information on how we've voted at meetings of listed entities. Changes made by the Commonwealth Government to the Superannuation Industry (Supervision) Act 1993 (Cth) (SIS Act) mean that from 1 January 2022, if a penalty is imposed on a superannuation trustee, the trustee is prohibited from paying that penalty from the assets of the superannuation fund. More broadly, it was in response to these changes, and the potential financial and disruptive impact on QSuper members if the QSuper Board was required to resign or was removed as trustee of QSuper due to insolvency, that the QSuper Board took steps to implement a new capital adequacy strategy. This strategy is designed to preserve the financial stability of the QSuper Board should a penalty be imposed on it. This was not a decision driven by the proposed Proxy Voting regulatory changes.
How does QSuper assess risk of the infrastructure it invests in, such as mining, that it does not become a stranded asset in the future and seeing that investment become a liability.	The risk of an asset becoming stranded is one of many risks that QSuper assesses in its due diligence process and ongoing monitoring of unlisted investment assets. Our assessment of stranded asset risk has only increased in rigour over recent years as climate change considerations have raised questions over the future sustainability of fossil fuels such as coal. If an asset becomes stranded and this risk is not understood and mitigated during our hold period, this will clearly affect the financial return outcomes experienced by members. QSuper's (and its investment managers') assessment of stranded asset risk may include the following: • **Sustainability / climate change considerations** – in 2021, QSuper developed its Climate Change Policy, which includes a commitment to align the QSuper portfolios to a decarbonisation path consistent with achieving net-zero carbon emissions by 2050 in line with the Paris Accord. Over our due diligence process, QSuper will form an understanding of that physical and transition risks that could expose our investment to stranded asset risk in the future. This includes tools to help us understand the expected ongoing use of the commodity the investment is exposed to (like coal or gas) and exposure of the physical assets to extreme weather events caused by climate change. • **Useful life of asset** – QSuper typically uses investment managers and third-party advisers to form an understanding of the estimated useful life of the asset. For example, our assessment of investments exposed to natural gas will include an evaluation of the useful life of the gas reserves the asset is exposed to, expected ongoing demand for the commodity, and the term and nature of the offtake contracts. The holding period of our investment and terminal value assumption will be calibrated conservatively to minimise exposure to stranded asset risk in the future. • **Decommissioning / handback obligations –** we will reach an informed view of decommissioning obligations to ensure these are allowed for in the underwriting case to mitigate any surprises at the end of the asset's life. Risk transfer – stranded asset risk can be mitigated by risk transfer mechanisms such as a contractual obligation to hand back the investment to another counterparty before the end of the estimated useful life. • **Ongoing evaluation** – QSuper regularly monitors our investments to understand and mitigate risks such as stranded asset risk. Should we believe the risk of an asset's becoming stranded in the future is likely to increase, we may consider a number of options, such as proactively selling the asset.

Mention was made of unlisted investments. Generally speaking, what are these? Are there more details?	Unlisted assets refer to assets or companies that are not publicly traded on any stock exchanges and may be owned by a combination of individuals and other investors, including institutional investors like QSuper. QSuper broadly categories its unlisted investments into four categories: 1. **Infrastructure** – this consists of companies or assets that are providers of systems and services that a large percentage of the population use or benefit from. Examples that QSuper invests in include airports, toll roads, and ports. QSuper's investment in the deal to take Sydney Airport private is a recent example of one of our infrastructure investments. 2. **Real estate** – this broadly refers to many different forms of property, including residential and commercial property. QSuper's investment in One Times Square, New York is an example of one of our real estate holdings. 3. **Private equity** – this refers to investments in private companies that are not publicly traded on any stock exchange. For example, QSuper recently participated in the purchase of the largest collection of privately held optometry and ophthalmology clinics in the United States. 4. **Private credit** – this refers to loans made to typically private companies or assets, where the loans are not traded on a public exchange. For example, QSuper recently provided a first mortgage financing to a real estate developer to acquire a large parcel of industrial land adjacent to the site of the new Western Sydney Airport.
Can you please comment on the performance of investment options in the last month? Should members expect to see significant losses?	The Balanced option unit price was down around 1%, compared with a near 5% decline in global equities. We consider this an example of QSuper's risk-balanced approach helping to limit losses in the event of a market correction.
Are our investment officers rewarded for their consistency?	We measure investment team performance via both short- and long-term returns, risk management practices, and our position to market peers. Investment performance is considered in how we reward our internal QSuper investment officers. The way we measure our success is also considered in the way we engage our external fund managers.

What is the difference between defined benefits and the lifetime pension?	QSuper's Defined Benefit accounts are a type of superannuation product that were available to people employed by the Queensland Government and other eligible employers until 12 November 2008, when the scheme was closed to new members. With a Defined Benefit, your retirement benefit, or defined benefit fund entitlement, is calculated by multiplying a number that reflects both your years of service and your contribution rate (your multiple) with your final salary. Your employer is required to pay your defined benefit, which means you do not bear any investment risk and your retirement savings aren't subject to market fluctuations. The Lifetime Pension, by comparison, is a retirement product that provides you with fortnightly tax-free income payments for the rest of your life and the life of your spouse if you choose the spouse protection option. You can start a Lifetime Pension from your 60th birthday to your 80th birthday if you also meet one of the following conditions: • You have permanently retired. • You have ceased an employment arrangement on or after age 60. • You are aged 65 or older. • You have met another condition of release previously approved by QSuper (e.g., totally and permanently disabled). • You are an eligible recipient of a superannuation death benefit. You need a minimum of $10,000 to purchase a QSuper Lifetime Pension. To find out more, refer to our *Product Disclosure Statement for Retirement Income account and Lifetime Pension.*

Are there sustainable and fair-trade options (as opposed to those that prevent climate change?)	At QSuper, our climate change policy applies to our entire investment portfolio. We consider that aligning our portfolios to a decarbonisation path that will achieve net-zero carbon emissions by 2050 is consistent with our fiduciary duty to act in the best financial interests of members. Similarly, our sustainable investment policy holds that effective stewardship of members' retirement savings requires that we integrate environmental, social and governance (ESG) considerations into our investment process at all levels. "Sustainable" is term that is often used interchangeably with terms like "responsible", "socially conscious", and "ethical" when applied to investing styles that aim to make a positive difference on various social and environmental concerns. Like many funds, QSuper offers an investment option in this category: our Socially Responsible option, which is unique in that it targets several social and environmental concerns that our members said were important to them. You can read more about the impact of the Socially Responsible option in our first *Socially Responsible Outcomes Report* available on our website. "Fairtrade" is more specific. Fairtrade International is a non-profit, multi-stakeholder association of 22 member organizations that licenses the FAIRTRADE mark to manufacturers of agricultural products that meet internationally agreed social, environmental, and economic Fairtrade Standards. The listed and unlisted companies in which QSuper invests may choose to produce or procure Fairtrade goods, but this is not a target area of QSuper's sustainable investment policy. Modern slavery is the exploitation of victims through coercion, threats, or deception for personal or commercial gain. Fairtrade directly targets force labour and child labour through its work, and QSuper recognises that modern slavery can occur in all the industry sectors in which we invest, presenting not only severe consequences for victims but also investment risk for our members. The Commonwealth Modern Slavery Act 2018, which took effect on 1 January 2019, established a national reporting requirement for Australian businesses and other entities annual revenues of at least AUD$100 million. QSuper is such an entity, and through the national register, we report the actions we take to assess and address modern slavery risks in our supply chains.
In relation to the Self Invest option, would members be able to log in and look at the daily earning from shares?	The Self Invest investment option provides QSuper members with the ability to monitor and invest in listed equities and exchange-traded funds (ETFs) offered on the Australian stock exchange. As an investor in Self Invest, you get 24/7 access to an online trading platform through QSuper Member Online. On this platform, you can add S&P/ASX 300 companies or a range of ETFs to a watchlist to monitor their daily price movements. You also have access to the latest market research and commentary from UBS Securities Australia Ltd and Morningstar, through which you can access a range of company insights and metrics, including company earnings. When members in Self Invest choose to invest in a company or ETF, their individual earnings are tracked and can be accessed through a number of Self Invest portfolio reporting features.

How much money did QSuper spend on advertising and brand promotion in 2021; and will this be halved by splitting it with Sunsuper in the merged fund?	QSuper spent approximately $4.4 million on advertising and promotional activities in the financial year ending June 30, 2021. In addition, Karin Muller, Chief Operating Officer, noted in her response at the Annual Members' Meeting: • We are a profit-for-members fund, and we take the position that every dollar we spend has to be in members' financial interest. • 'Halving that' is a question to be considered following the merger. Australian Retirement Trust will consider advertising expenditure in the context of acting in the financial interests of its members.

Appendix A – Weapons investment questions

Questions from members

- The merger of QSuper and Sunsuper is an ideal opportunity for the new company to align and upgrade their Responsible Investment Policy and its definition of controversial weapons. Just one year ago, the United Nations Treaty on the Prohibition of Nuclear Weapons (TPNW), entered into force, making nuclear weapons illegal under international law. Could the new company include nuclear weapons in the definition of controversial weapons, to update their exclusion policy to align with international law?
- QSuper states that it does not directly invest in companies involved in the manufacturing of cluster bombs and landmines (munitions). However a recent report has found that it has invested in some 13 nuclear weapons companies during 2021-22. What plans are there to divest from all current nuclear weapons holdings?
- Will QSuper ensure that all companies that QSuper currently invests in, and that derive revenue from nuclear weapons, are excluded with a 0% revenue threshold?
- Given the UN Treaty on the Prohibition of Nuclear Weapons entering into force in 2021, the nuclear weapons industry is facing an uncertain regulatory future. It is not in the financial best interest of Fund members to back any aspect of the weapons industry. Additionally, it is unacceptable as responsible investors to back products that cause mass indiscriminate harm to humans and all life on the planet. Does QSuper have any reasons for not withdrawing investments in the Nuclear Weapons Industry from all portfolios?
- My question is about transparency. Have QSuper (and SunSuper) made it clear to members whether their Socially or Ethically responsible funds invest in companies that are involved in nuclear weapons development, production and/or maintenance? It should be noted that members of QSuper/SunSuper can look up the QuitNukes Report (https://QuitNukes.org) to see the current status of Australian superannuation funds' investments in such companies.
- Does Qsuper invest in this (armaments industry) industry which is in the business of killing?
- There is no doubt that superannuation funds have a trustee fiduciary duty to invest monies in ways that fundamentally bring greatest benefit to members. Research indicates that divestment from nuclear weapons companies will have minimal material impact on a fund's fiduciary duty. Research also indicates that 69% of the public do not want their funds invested in companies that produce nuclear weapons. (Source: The Australia Institute, 2021, Polling - Nuclear Weapons in Superannuation) Therefore, will QSuper - which has already demonstrated leadership in divesting from companies that produce, for example, land mines - establish itself as a leader in this respect also by divesting from investment in nuclear weapons manufacturing companies? As noted, this can occur without any negative impact on member dividends.
- I referred to a report that listed QSuper as investing in some 13 nuclear weapon companies during 2021-22. Sorry that I didn't include the link to the report. Please add the following link to my earlier question: https://quitnukes.org/report. Thank you.
- If QSuper accepts the need to expand the definition of controversial weapons to include nuclear weapons , will this definition be applied to all portfolios including self-invest options?

Some of the questions have been edited from their original syntax to limit references to personal circumstances, to correct spelling or grammar, to provide further context, and/or to separate multiple questions. The statements presented in members' questions are not necessarily factual. Any opinions expressed in members' questions do not reflect the opinion of QSuper. 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 personal 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, in some instances, to interact directly with members in relation to these queries.

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