

2022

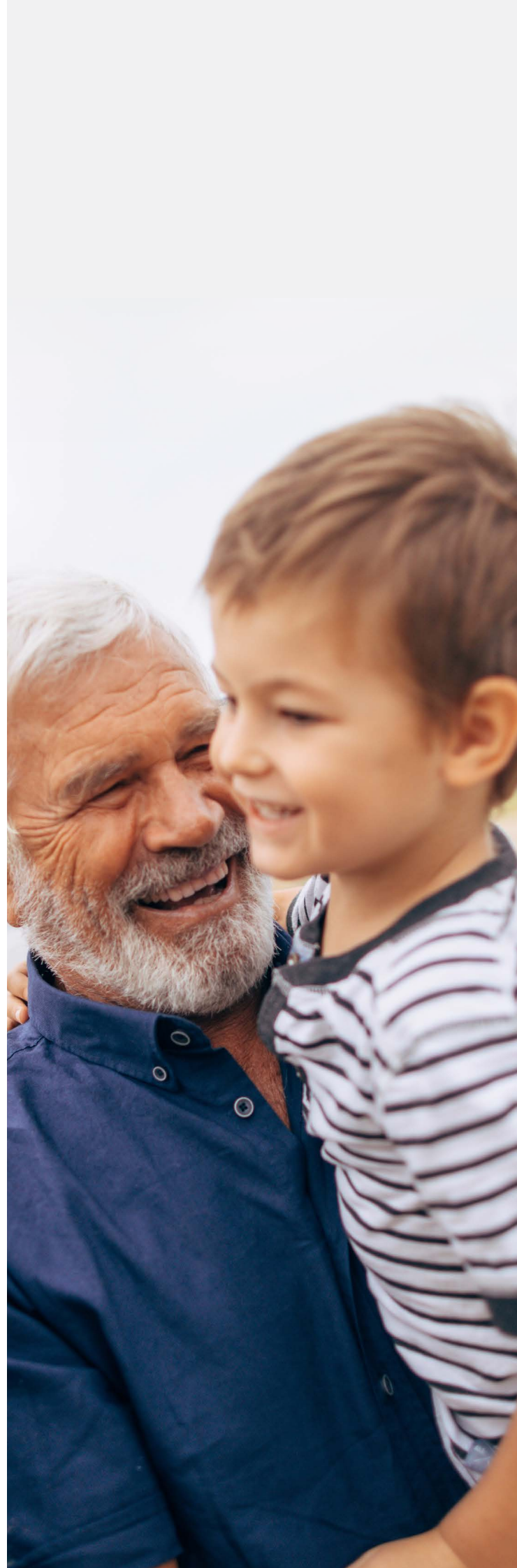
Australian Retirement Trust Member Outcomes Assessment – QSuper products

An assessment by Australian Retirement Trust Pty Ltd of whether the financial interests of members who hold QSuper products are being promoted.

What does this Member Outcomes Assessment cover?

Sunsuper and QSuper merged on 28 February 2022 through what is known as a Successor Fund Transfer (SFT). To achieve the merger, Sunsuper Superannuation Fund (ABN 98 503 137 921) members' account balances and benefits were transferred to QSuper (ABN 60 905 115 063) which was renamed 'Australian Retirement Trust'. The QSuper Board (ABN 32 125 059 006) retired as trustee and Sunsuper Pty Ltd (ABN 88 010 720 840) was renamed to Australian Retirement Trust Pty Ltd and appointed the trustee of Australian Retirement Trust. As a result, Australian Retirement Trust Pty Ltd (ABN 88 010 720 840) ("Trustee", "we", "our", "us") is now the trustee of Australian Retirement Trust (ABN 60 905 115 063) ("ART", "Fund").

This Member Outcomes Assessment is a summary of the assessment as at 30 June 2022 of QSuper products offered by the Trustee. The assessment includes, where relevant, consideration of information for periods prior to the merger on 28 February 2022 when the QSuper Board was trustee of the fund and the fund was known as QSuper.



About Australian Retirement Trust

On 28 February 2022, Australian Retirement Trust was formed through the merger of Sunsuper and QSuper. With a combined 140 years of looking after members, we're now one of Australia's largest super funds. We're proud to take care of over \$200 billion in retirement savings for more than two million members.

The QSuper brand is a part of ART, representing a distinct end-to-end member offering to employees of the Queensland Government, existing QSuper default employers and existing QSuper members prior to the merger, and spouses and children (who join under the age of 25 years) of QSuper members. This Member Outcomes Assessment covers QSuper products only. The Member Outcomes Assessment that covers other ART products ('Super Savings products') is available at australianretirementtrust.com.au/member-outcomes-assessment.



More than 2 million
members



More than \$200 billion
funds under management



140 years combined
experience of helping
members

Statistics at 30 June 2022

What is a Member Outcomes Assessment?

A Member Outcomes Assessment analyses the performance of superannuation products across key areas. This document is a summary of the assessments conducted by the Trustee to comply with s52(9) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and *Superannuation Prudential Standard SPS 515 Strategic Planning and Member Outcomes* (SPS 515). This assessment is performed as at 30 June each year to allow the Trustee to determine whether our QSuper products promote the financial interests of the members who hold them.

We offer these QSuper products to eligible members:

- a QSuper Accumulation account;
- a QSuper Income account¹;
- a QSuper Lifetime Pension; and,
- a Defined Benefit product that is closed to new entrants.²

We invest members' money in investment options classified as 'MySuper' or 'Choice'.

Our QSuper default MySuper investment option is called Lifetime. Our other QSuper investment options are Choice investment options

With a QSuper Accumulation account, a member can leave their money in Lifetime. This option uses the member's age and Lifetime account balance to set an investment strategy that suits the member's life stage³.

Our other investment options include Diversified options (e.g. Balanced) and Single Sector options (e.g. Cash) and are available to members holding a QSuper Accumulation or QSuper Income account. QSuper Lifetime Pension pooled assets are invested in our QSuper Income account Balanced option.

Members with a QSuper account can also invest their super directly in shares, exchange-traded funds (ETFs), and/or term deposits through Self Invest.⁴

The assessment consists of:

Part 1 – Assessing performance relative to benchmarks and peers on:

- Investment risk and returns
- Fees and costs.

Part 2 – Assessing the appropriateness of:

- Investment strategy
- Fees
- Options, benefits and services
- Operating costs and scale
- Insurance strategy and affordability.

Please see Appendix 1 to this document for details of our approach, peer groups and the data sources for this assessment.

¹ Any time we refer to our QSuper Income account in this document, we are referring to both the QSuper Retirement Income account and the QSuper Transition to Retirement Income account, unless we specify otherwise. ² A Member Outcomes Assessment is not required for Defined Benefit products. ³ The different investment strategies utilised within this kind of product are referred to as 'lifecycle stages' in the industry and throughout this document. ⁴ Self invest is not available with the QSuper Transition to Retirement Income account or our QSuper Lifetime Pension account.



Part 1

Assessing performance relative to benchmarks and peers on:

- Investment risk and returns
- Fees and costs

Lifetime (MySuper) returns against regulatory benchmarks and peers

Lifetime is the default investment option for QSuper Accumulation accounts. It has performed well against regulatory benchmarks.

















Lifetime automatically adjusts a member's investment strategy based on their age and Lifetime account balance, and automatically places the member in one of eight Lifecycle stages.¹ Around 64% of funds under management (FUM) in QSuper Accumulation accounts is invested in Lifetime.

The Australian Prudential Regulation Authority (APRA) conducts an annual performance test of MySuper products. The test compares the longer-term returns (8 years) against benchmark returns determined by APRA.

Funds offering MySuper options that underperform their relevant benchmark are required to inform members and are listed as underperforming on the YourSuper comparison tool until their performance improves.

The 8 year returns for all Lifetime lifecycle stages have exceeded their relevant benchmark. The excess return against the APRA benchmark return places each Lifetime lifecycle stage in the top quartile² against all MySuper options.

Lifetime comparison to APRA MySuper Product Heatmap benchmark as at 30 June 2022

| Lifecycle stage | Your age | Lifetime balance | Risk ³ | 8 year Net Investment Return p.a. ⁴ | Return above benchmark p.a. ⁴ |
|---|------------|----------------------------------|---|--|--|
|  Outlook | Under 40 | Any balance |  Medium to high | 7.5% | 1.2% ▲ |
|  Aspire 1 | 40-49 | Less than \$50,000 |  Medium to high | 7.9% | 1.7% ▲ |
|  Aspire 2 | 40-49 | \$50,000 or more |  Medium to high | 6.6% | 1.2% ▲ |
|  Focus 1 | 50-57 | Less than \$100,000 |  Medium to high | 6.6% | 1.1% ▲ |
|  Focus 2 | 50-57 | \$100,000 to less than \$250,000 |  Medium to high | 6.0% | 0.9% ▲ |
|  Focus 3 | 50-57 | \$250,000 or more |  Medium to high | 5.2% | 0.7% ▲ |
|  Sustain 1 | 58 or over | Less than \$300,000 |  Low to medium | 4.5% | 0.9% ▲ |
|  Sustain 2 | 58 or over | \$300,000 or more |  Low | 3.0% | 0.5% ▲ |

Above regulatory benchmark ▲

¹ Lifecycle reviews occur twice a year. ² APRA MySuper Product Heatmap 30 June 2022, apra.gov.au/mysuper-product-heatmap-0. Quartile ranking is based on all MySuper options included in the APRA Heatmap. ³ Based upon the Standard Risk Measure. For further details see qsuperqld.gov.au/srm. ⁴ Sourced from the 30 June 2022 APRA MySuper Product Heatmap. Return above benchmark is the difference between the 8 year net investment return and the 8 year Strategic Asset Allocation (SAA) benchmark used by APRA. APRA Heatmap returns and benchmarks are net of all investment related fees but gross of administration fees. Therefore returns do not reconcile with those shown on page 4 which are net of all fees. Past performance is not a reliable indicator of future performance.

QSuper Lifetime has delivered longer-term returns that are comparable to peers while taking lower than median risk.

















Global share markets were volatile throughout the year ended 30 June 2022, achieving reasonable returns in the latter half of 2021 before falling materially in the first half of 2022 primarily as a result of the war in Ukraine, rapidly growing inflationary pressures, and fears that rising interest rates would result in a downturn in the world economy. During periods of market volatility it is important to remember that superannuation is a long-term investment which delivers returns over a long-term horizon and rewards those prepared to tolerate short-term fluctuations.

The QSuper account strategy follows a "risk balanced" approach that is focused on meeting and exceeding the real return objectives but doing so with less volatility risk than industry peers i.e.; to achieve a smaller range of outcomes relative to the objective over both short and long term. This difference in approach means returns for QSuper Lifetime differ from many other fund returns over various time periods. This investment strategy means

QSuper investment options generally have less listed equities than other funds, preferring to diversify equity risk via increased unlisted allocations such as infrastructure, property and private equity. In the year ended 30 June 2021, whilst these unlisted assets had strong returns, equities had exceptional returns. As a result the 3 year returns are below peer median for some lifecycle stages.

Comparing to peers over the longer term, 8 year returns have been above or at median for all lifecycle stages except for Focus 2, Focus 3 and Sustain 1. Focus 2 and 3 form part of the same peer group as some of our other lifecycle stages (Outlook through to Focus 1), but have significantly fewer growth assets, because they seek to preserve capital as members approach retirement. The standard risk measures for all Lifetime lifecycle stages are lower than median¹. Lifetime Sustain 2 has the lowest standard risk measure of any MySuper option or lifecycle stage¹.

Lifetime (MySuper) net returns as at 30 June 2022

| Lifecycle stage | Your age | Lifetime balance | Risk ² | 1 year | | 3 year | | 5 year | | 8 year | |
|---|------------|----------------------------------|--|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | | | | Return p.a. ³ | Peer median return p.a. ⁴ | Return p.a. ³ | Peer median return p.a. ⁴ | Return p.a. ³ | Peer median return p.a. ⁴ | Return p.a. ³ | Peer median return p.a. ⁴ |
|  Outlook | Under 40 | Any balance |  Medium to high | -2.8%▲ | -3.9% | 4.0%▲ | 3.6% | 5.9%▲ | 5.3% | 7.3%▲ | 5.9% |
|  Aspire 1 | 40-49 | Less than \$50,000 |  Medium to high | -2.5%▲ | -3.9% | 4.3%▲ | 3.6% | 6.6%▲ | 5.3% | 7.8%▲ | 5.9% |
|  Aspire 2 | 40-49 | \$50,000 or more |  Medium to high | -5.3%▼ | -4.1% | 2.8%▼ | 3.4% | 5.3%▲ | 5.3% | 6.4%▲ | 5.9% |
|  Focus 1 | 50-57 | Less than \$100,000 |  Medium to high | -3.7%▲ | -3.9% | 3.4%▼ | 3.5% | 5.4%▲ | 5.3% | 6.4%▲ | 5.9% |
|  Focus 2 | 50-57 | \$100,000 to less than \$250,000 |  Medium to high | -4.5%▼ | -4.1% | 2.7%▼ | 3.4% | 4.8%▼ | 5.3% | 5.8%▼ | 5.9% |
|  Focus 3 | 50-57 | \$250,000 or more |  Medium to high | -5.5%▼ | -4.1% | 1.9%▼ | 3.4% | 4.1%▼ | 5.3% | 5.1%▼ | 5.9% |
|  Sustain 1 | 58 or over | Less than \$300,000 |  Low to medium | -2.4%▼ | -1.2% | 2.2%▼ | 2.7% | 3.5%▼ | 3.7% | 4.3%▼ | 4.4% |
|  Sustain 2 | 58 or over | \$300,000 or more |  Low | -2.7% | N/A ⁵ | 1.1% | N/A ⁵ | 2.1% | N/A ⁵ | 2.9% | N/A ⁵ |

Return above or equal to peer median ▲

Return below peer median ▼

¹ APRA Quarterly Statistics as at 30 June 2022 apra.gov.au/quarterly-superannuation-statistics. Median Standard Risk Measure is based on a peer group of all MySuper Product options and lifecycle stages. For illustrative purposes only and may not represent any individual member's unique lifecycle experience. ² Based upon the Standard Risk Measure. For further details see qsuper.qld.gov.au/srm ³ Returns quoted are based on 30 June 2022 being the valuation date and are net of administration fees, investment fees and taxes. Returns quoted in Member Benefit Statements for the same period are based on unit prices as at 30 June 2022. For an explanation of the difference, please see qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices. ⁴ 3 year, 5 year and 8 year returns quoted are compounded annualised returns. Assessment of return relative to peer median is based on returns rounded to 1 decimal place. Past performance is not a reliable indicator of future performance. ⁵ See Appendix 1 for information on data sources and peer groups. ⁶ Sustain 2 doesn't have an applicable peer group as there are no other MySuper Product options or lifecycle stages in the industry with the same Standard Risk Measure (Low) as at 30 June 2022.

Choice investment option returns against objectives and peers

QSuper Choice investment options are mostly achieving their objectives.

We achieved 5 of our 8 investment return objectives for the QSuper Accumulation and QSuper Income account Choice investment options for the year ended 30 June 2022¹.





Negative listed equity and fixed interest returns, coupled with near zero returns on cash, weighed on all options over the past year. Single Sector options continue to passively track their indices, with Australian Shares the only option trailing its target index.

Members with a QSuper account can also invest their super directly in shares, exchange-traded funds (ETFs),

and/or term deposits through Self Invest, thereby determining their own investment mix. As Self Invest is set up differently to other QSuper investment options, return comparisons to objectives and peers can not be prepared. Please refer to the QSuper *Investment Choice Guide* for specific details.

Please note that the Lifetime Pension product funds are pooled and are invested in the QSuper Income account Balanced option.

Objectives and returns for QSuper Choice options as at 30 June 2022





| Investment option | Current performance objective | Objective period ¹ | Account type | Return p.a. over objective period ² | Performance objective target return p.a. ³ |
|--|-------------------------------|-------------------------------|--------------------------------|--|---|
| Choice investment options | | | | | |
| Diversified | | | | | |
|  Moderate | CPI +2.5% p.a. | 3 Years | Accumulation ⁴ | 1.9% ▼ | 5.8% |
| | | | Retirement Income ⁴ | 2.1% ▼ | 5.8% |
|  Balanced | CPI +3.5% p.a. | 10 Years | Accumulation ⁴ | 7.7% ▲ | 6.0% |
| | | | Retirement Income ⁴ | 8.7% ▲ | 6.0% |
|  Socially Responsible | CPI +3.5% p.a. | 5 Years | Accumulation ⁴ | 4.4% ▼ | 6.2% |
| | | | Retirement Income ⁴ | 4.9% ▼ | 6.2% |
|  Aggressive | CPI +4.5% p.a. | 10 Years | Accumulation ⁴ | 9.1% ▲ | 7.0% |
| | | | Retirement Income ⁴ | 10.3% ▲ | 7.0% |

Return objective achieved ▲

Return objective not achieved ▼

¹ Period of objective is set by the Trustee and forms part of its regular reviews. Single Sector objectives are expressed as 'after tax' which results in a different objective between the QSuper Accumulation and QSuper Income accounts: Income account (excluding Transition to Retirement Income accounts) returns are not subject to Australian income tax in the retirement phase, while Accumulation account returns are subject to Australian income tax. Transition to Retirement Income accounts are taxed in the same manner as Accumulation accounts. ² QSuper returns are net of all fees and taxes. Returns quoted are compounded annualised returns based on 30 June 2022 being the valuation date. Returns quoted in members' Annual Statements for the same period are based on unit prices as at 30 June 2022. For an explanation of the difference, please see qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices. Past performance is not a reliable indicator of future performance. ³ Performance Objective Target returns include x% p.a. hurdle where applicable. ⁴ Transition to Retirement Income account returns are consistent with Accumulation returns.

Objectives and returns for QSuper Choice options as at 30 June 2022 continued

| Investment option | Current performance objective | Objective period ¹ | Account type | Return p.a. over objective period ² | Performance objective target return p.a. ³ |
|--|---|-------------------------------|--------------------------------|--|---|
| Choice investment options | | | | | |
| Single Sector | | | | | |
|  Cash | To match the return of the Bloomberg AusBond Bank Bill Index, after fees and tax. | 3 Years | Accumulation ⁴ | 0.2% ▲ | 0.1% |
| | | | Retirement Income ⁴ | 0.3% ▲ | 0.1% |
|  Diversified Bonds | To match the return of a 40% Australian and 60% international diversified bonds index (hedged in \$AUD), after fees and tax. | 3 Years | Accumulation ⁴ | -1.2% ▲ | -1.6% |
| | | | Retirement Income ⁴ | -1.5% ▲ | -1.9% |
|  International Shares | To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index, ⁵ hedged after fees and tax. | 3 Years | Accumulation ⁴ | 6.3% ▲ | 6.0% |
| | | | Retirement Income ⁴ | 6.9% ▲ | 6.5% |
|  Australian Shares | To match the return of the S&P/ASX 200 Accumulation Index, ⁶ after fees and tax. | 3 Years | Accumulation ⁴ | 3.5% ▼ | 3.7% |
| | | | Retirement Income ⁴ | 4.2% ▼ | 4.3% |

Return objective achieved ▲

Return objective not achieved ▼

¹ Period of objective is set by the Trustee and forms part of its regular reviews. Single Sector objectives are expressed as 'after tax' which results in a different objective between the QSuper Accumulation and QSuper Income accounts: Income account (excluding Transition to Retirement Income accounts) returns are not subject to Australian income tax in the retirement phase, while Accumulation account returns are subject to Australian income tax. Transition to Retirement Income accounts are taxed in the same manner as Accumulation accounts. ² QSuper returns are net of all fees and taxes. Returns quoted are compounded annualised returns based on 30 June 2022 being the valuation date. Returns quoted in members' Annual Statements for the same period are based on unit prices as at 30 June 2022. For an explanation of the difference, please see qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices. Past performance is not a reliable indicator of future performance. ³ Performance Objective Target returns include x% p.a. hurdle where applicable. ⁴ Transition to Retirement Income account returns are consistent with Accumulation returns. ⁵ An index designed to measure the equity market performance of 22 developed market country indices. This index is a market capitalisation weighted index. QSuper accounts do not directly hold shares in companies involved in the manufacture of tobacco products, cluster munitions or landmines. ⁶ The S&P/ASX 200 represents Australia's 200 largest companies listed on the Australian Securities Exchange, selected on the basis of their market capitalisation and liquidity. QSuper does not directly own shares in companies involved in the manufacture of tobacco products, cluster munitions or landmines.

Our QSuper Choice diversified investment options have performed well against peers on a risk adjusted basis.

Our QSuper Choice investment options are designed for members with a range of investor needs and different attitudes to risk, to allow members to tailor an investment strategy that is appropriate for them. It is important to note that each of these investment options has a different investment strategy, objective, and asset allocation, which impact the returns, risks and investment fees and costs. Please refer to the QSuper *Investment Choice Guide* for further information.

The QSuper account strategy for the Diversified investment options follows a risk-balanced approach that is focused on meeting and exceeding real return objectives but doing so with less risk. Its focus is to provide an adequate income stream in retirement. Accordingly, it is appropriate to assess outcomes using a risk relative measure.

A common way to understand the return of an investment in relation to its risk (risk-adjusted return) is to use the Sharpe Ratio. Generally, the greater the value of the Sharpe Ratio, the more attractive the risk-adjusted return.





The QSuper Balanced option for both Accumulation and Income account ranked first for risk-adjusted return against other balanced options over ten years¹. The majority of the funds under management (FUM)

for QSuper Choice investment options are invested in the Balanced option (including funds in the Lifetime Pension product).

In 2020, the Socially Responsible option was redesigned. Management of the option was brought in-house to apply our risk-balanced investment strategy. This resulted in lowering the standard risk measure and a reduction in investment fees and costs. We also built a portfolio to target social and environmental impact in areas our members told us were important. It takes time to invest in unlisted assets which meet the Socially Responsible option's impact-related investment objectives. As a result the short-term performance continues to be dominated by listed exposures (equity and bonds) which have performed poorly over the 1 year period ending 30 June 2022.

We continually review our suite of investment options and the strategies that support them to ensure we offer what we believe to be the best possible range of options to help enable our members to achieve their retirement goals.

Diversified options: Risk Adjusted Returns (Sharpe Ratio) as at 30 June 2022

| | | 1 year | | 3 year | | 5 year | | 10 year | |
|--|--------------------------------|---------------------|---------------------------------------|---------------------|---------------------------------------|---------------------|---------------------------------------|---------------------|---------------------------------------|
| | | QSuper Sharpe Ratio | Peer median Sharpe Ratio ² | QSuper Sharpe Ratio | Peer median Sharpe Ratio ² | QSuper Sharpe Ratio | Peer median Sharpe Ratio ² | QSuper Sharpe Ratio | Peer median Sharpe Ratio ² |
| Investment option | Account type | | | | | | | | |
| Diversified | | | | | | | | | |
|  Moderate | Accumulation ³ | -0.7 ▲ | -1.1 | 0.5 ▲ | 0.3 | 0.9 ▲ | 0.6 | 1.5 ▲ | 1.2 |
| | Retirement Income ³ | -0.5 ▲ | -1.1 | 0.6 ▲ | 0.3 | 1.0 ▲ | 0.7 | 1.4 ▲ | 1.1 |
|  Balanced | Accumulation ³ | -0.5 ▲ | -0.7 | 0.6 ▲ | 0.5 | 0.9 ▲ | 0.7 | 1.5 ▲ | 1.1 |
| | Retirement Income ³ | -0.1 ▲ | -0.7 | 0.7 ▲ | 0.4 | 1.0 ▲ | 0.7 | 1.5 ▲ | 1.1 |
|  Socially Responsible | Accumulation ³ | -1.7 ▼ | -0.7 | 0.2 ▼ | 0.5 | 0.5 ▼ | 0.7 | 0.9 ▼ | 1.1 |
| | Retirement Income ³ | -1.7 ▼ | -0.7 | 0.2 ▼ | 0.4 | 0.5 ▼ | 0.7 | 0.8 ▼ | 1.1 |
|  Aggressive | Accumulation ³ | -0.6 ▲ | -0.7 | 0.5 ▲ | 0.4 | 0.9 ▲ | 0.6 | 1.4 ▲ | 1.1 |
| | Retirement Income ³ | -0.2 ▲ | -0.7 | 0.6 ▲ | 0.5 | 1.0 ▲ | 0.7 | 1.5 ▲ | 1.1 |

Sharpe Ratio above peer median ▲

Sharpe Ratio below peer median ▼

¹ SuperRatings Fund Crediting Rate Volatility and Risk-Adjusted Return Survey – June 2022 (Accumulation) and (Pension). Past performance is not a reliable indicator of future performance. ² See Appendix 1 for information on data sources and peer groups. ³ Transition to Retirement Income account returns are consistent with Accumulation returns.





Our QSuper Choice Single Sector options have mostly met their objectives and successfully captured the broad return of the asset class.

Single Sector options are designed to capture the broad return of the asset class. As such, they do not utilise the risk-balanced strategy. These options have been assessed against a comparison peer group's median return based on the asset class.

The Single Sector options have met their return objective except for Australian Shares which has marginally

underperformed (see page 6). Diversified Bonds has compared well to peers over the longer-term. Cash, International Shares and Australian Shares are passive investments aiming to capture the return of the relevant index in a cost-effective form.

Single Sector options: Net Investment Returns as at 30 June 2022

| Investment option | Account type | 1 year | | 3 year | | 5 year | | 10 year | |
|---|--------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | | Return p.a. ¹ | Peer median return p.a. ² | Return p.a. ¹ | Peer median return p.a. ² | Return p.a. ¹ | Peer median return p.a. ² | Return p.a. ¹ | Peer median return p.a. ² |
|  Cash | Accumulation ³ | 0.0% ▼ | 0.1% | 0.2% ▼ | 0.4% | 0.8% ▼ | 0.9% | 1.4% ▼ | 1.6% |
| | Retirement Income ³ | 0.0% ▼ | 0.2% | 0.3% ▼ | 0.5% | 0.9% ▼ | 1.1% | 1.6% ▼ | 1.9% |
|  Diversified Bonds | Accumulation ³ | -8.6% ▲ | -8.7% | -1.2% ▲ | -1.7% | 0.8% ▲ | 0.6% | 2.7% ▲ | 2.4% |
| | Retirement Income ³ | -10.2% ▼ | -9.7% | -1.5% ▲ | -2.0% | 0.9% ▲ | 0.8% | 3.1% ▲ | 2.8% |
|  International Shares | Accumulation ³ | -11.0% ▼ | -9.1% | 6.3% ▲ | 6.0% | 7.2% ▼ | 7.5% | 10.4% ▼ | 11.2% |
| | Retirement Income ³ | -12.2% ▼ | -9.5% | 6.9% ▲ | 6.2% | 7.9% ▼ | 8.0% | 11.3% ▼ | 12.2% |
|  Australian Shares | Accumulation ³ | -5.1% ▼ | -4.7% | 3.5% ▼ | 4.4% | 6.7% ▼ | 6.9% | 9.2% ▲ | 9.2% |
| | Retirement Income ³ | -5.2% ▼ | -4.9% | 4.2% ▼ | 4.8% | 7.8% ▲ | 7.8% | 10.4% ▲ | 10.3% |

Return above or equal to peer median ▲

Return below peer median ▼

¹ SuperRatings Fund Crediting Rate Survey – June 2022 (Accumulation) and (Pension). Returns are calculated net of investment fees, tax and asset-based administration fees. Dollar based fees and transaction fees such as fixed dollar administration fees, exit fees, contribution fees and switching fees are excluded. Assessment of return relative to peer median is based on returns rounded to 1 decimal place. Past performance is not a reliable indicator of future performance. ² See Appendix 1 for information on data sources and peer groups. ³ Transition to Retirement Income account returns are consistent with Accumulation returns.

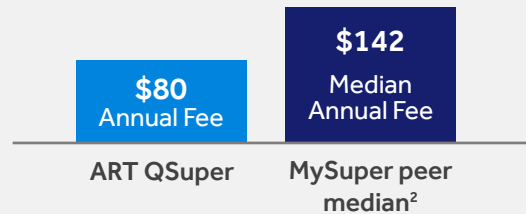
We believe in keeping fees low

We are committed to returning profits to members as better services and lower fees.

Administration fees for a \$50,000 balance remain below the peer median across all age groups and investment options. For QSuper account holders, from 1 July 2022, the administration fee charged to member accounts was reduced from 0.16% to 0.15% per annum.¹

When looking across all investment options, our total fees (including administration, investment fees and indirect cost ratio) were below the median at 30 June 2022 when a \$50,000 account balance is used for the comparison. The Lifetime Pension product funds are pooled and are invested in the QSuper Income account Balanced option.

Administration fees for a \$50,000 balance for year ended 30 June 2022



QSuper Total Fees as at 30 June 2022 - account balance \$50,000






| Investment options | QSuper total fee p.a. ^{2,3} | Peer median total fee p.a. ² |
|--|--------------------------------------|---|
| MySuper investment option | | |
| Lifetime | | |
| Outlook | \$360 ▲ | \$503 |
| Aspire 1 | \$355 ▲ | \$503 |
| Aspire 2 | \$330 ▲ | \$503 |
| Focus 1 | \$315 ▲ | \$503 |
| Focus 2 | \$300 ▲ | \$503 |
| Focus 3 | \$285 ▲ | \$503 |
| Sustain 1 | \$240 ▲ | \$468 |
| Sustain 2 | \$215 | N/A ⁴ |
| Choice investment options^{5,1} | | |
| Diversified | | |
| Moderate | \$280 ▲ | \$446 |
| Balanced | \$390 ▲ | \$546 |
| Socially Responsible | \$290 ▲ | \$546 |
| Aggressive | \$405 ▲ | \$590 |

Fees below peer median ▲

Fees above peer median ▼

¹ From 1 July 2022 fee disclosure within QSuper Product Disclosure Statement (PDS) changed to comply with new rules, and fees and costs within the QSuper PDSs are now described as administration fees and costs, investment fees and costs, and transaction costs. Administration fees and costs now include both fees charged to member accounts and some costs met from reserves. ² See Appendix 1 for information on data sources and peer groups. MySuper peer median for administration fees is based on the peer group for Outlook. ³ Total fees comprise the administration fee, investment fee and indirect cost ratio. These are based on the fees and costs for the year ended 30 June 2022 as presented in the data sources noted in Appendix 1. The amounts shown differ from current fees and costs and may differ from future fees and costs. There are other costs such as operating costs of property investments that are not included in total fees but are reflected in the unit prices and the calculation of the net earnings. ⁴ Sustain 2 doesn't have an applicable peer group as there are no other MySuper options or lifecycle stages in the industry with low risk as at 30 June 2022. ⁵ Please note Chant West fee data is as at 30 June 2022 but includes administration fees and costs that are based on information contained within the QSuper PDS as at 1 July 2022.

QSuper Total Fees as at 30 June 2022 - account balance \$50,000 continued

| Investment options | QSuper total fee p.a. ^{1,2} | Peer median total fee p.a. ² |
|--|--------------------------------------|---|
| Choice investment options ³ | | |
| Single Sector | | |
|  Cash | \$145 ▲ | \$218 |
|  Diversified Bonds | \$340 ▲ | \$351 |
|  International Shares | \$155 ▲ | \$458 |
|  Australian Shares | \$150 ▲ | \$437 |
| Self Invest | | |
|  Self Invest | N/A ⁴ | N/A ⁴ |

Fees below peer median ▲

Fees above peer median ▼

1 Total fees comprise the administration fee, investment fee and indirect cost ratio. These are based on the fees and costs for the year ended 30 June 2022 as presented in the data sources noted in Appendix 1. The amounts shown differ from current fees and costs and may differ from future fees and costs. There are other costs such as operating costs of property investments that are not included in total fees but are reflected in the unit prices and the calculation of the net earnings. **2** See Appendix 1 for information on data sources and peer groups. **3** Please note Chant West fee data is as at 30 June 2022 but includes administration fees and costs that are based on information contained within the *QSuper Product Disclosure Statement* (PDS) as at 1 July 2022. From 1 July 2022 fee disclosure within QSuper PDSs changed to comply with new rules. Fees and costs within the QSuper PDSs are now described as administration fees and costs, investment fees and costs, and transaction costs. Administration fees and costs now include both fees charged to member accounts and some costs met from reserves. **4** As Self Invest is set up differently to other QSuper investment options, the fees and costs are also different. The costs of managing the Self Invest account includes administration fees and costs, investment fees and costs, transaction costs for brokerage, and ETF management fees. Please refer to the QSuper Investment Choice Guide for specific details.



Part 2

Assessing the appropriateness of:

- Investment strategy
- Options, benefits and services
- Fees
- Operating costs and scale
- Insurance strategy and affordability

Our QSuper strategies, operations and services are sound

1. Investment strategy

Our investment strategy is based on a set of investment principles that are at the core of the portfolio construction process. The investment principles are interrelated and considered in conjunction with each other, applying as a holistic set of influences in developing investment strategies. These principles include:

- Best practice governance, particularly effective delegations enable efficiency, ensure strong alignment, effective decision-making and clear accountability.
- Whether internal or external, utilising the investment capability best suited to the management of risks and pursuit of opportunities, considering strategic advantage and resourcing.
- Management of costs is important to maximising returns.
- Measurement against appropriate objectives and benchmarks is important to be able to assess success of investment strategies and to provide the framework for investment team accountability.
- Offering a product suite that meets member needs:
 - Delivering risk-adjusted real returns consistent with objectives over the medium to long term improves members' retirement outcomes.
 - Ensuring competitive returns against peers, over the appropriate investment horizons, consistent with the interests of members, is important to ensuring sustainability and maintaining strategic advantage.

The QSuper product strategy follows a "risk balanced" approach that is focused on meeting and exceeding real return objectives but doing so with less risk i.e. a smaller range of outcomes both short and long term.

The trustee has concluded its unique investment strategy, including the level of investment risk and return target for each option, is appropriate and in the best financial interests of members.

In line with its governance responsibilities, the Trustee will continue to regularly review the appropriateness of the investment strategy.

2. Options, benefits and services

Supporting members to and through retirement

We exist to serve two million members and our range of options, benefits and services are designed to support each member's unique retirement journey. Through these services we aim to inform, educate and advise our members to help them feel secure, confident and protected to and through retirement.

In 2022, our multi award-winning QSuper products and services continue to be recognised by research and ratings agencies as good value and industry leading¹:

- 2022 SuperRatings Pension of the Year
- 2022 *Money* magazine's Best Value MySuper Product
- 2022 Chant West Longevity award - Lifetime Pension

Our members can access a comprehensive range of in-person, over-the-phone or online services including:

- Support and general advice via our Australian-based contact centre,
- Expert financial advice about their super account over the phone,
- Super and investment education via our seminars, webinars and podcasts,
- 24/7 account access via Member Online or the member app,
- Articles, newsletters, calculators and tools on our website.

The Trustee has concluded the options, benefits and services offered are appropriate for members who hold a QSuper account.

¹ Based on awards received from multiple rating agencies. For further information refer to qsuper.qld.gov.au/awards. Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell product(s) or make any other investment decisions. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. Ratings, awards, or investment returns are only one factor that you should consider when deciding how to invest your super. Past performance may not be a reliable indicator of future performance. Awards are current for 12 months from the date awarded and subject to change at any time.

3. Fees

Competitive fees mean more money for members' retirement

We are committed to returning profits to members as lower fees and better services, as the less members pay in fees on their super account the more they could have to live their best retirement.

The basis for setting fees for the membership, for all our investment options, takes into consideration the membership profile, fund growth and operating cost forecasts along with competitor positions. These considerations allow for an appropriate fee structure for all members and provide a low fee proposition. Our scale, strong net cash flows, end-to-end service model, profit-for-member philosophy, plus the ongoing investments we make in the business to drive greater efficiency gains, means we have maintained or lowered our fees over the last 5 years.

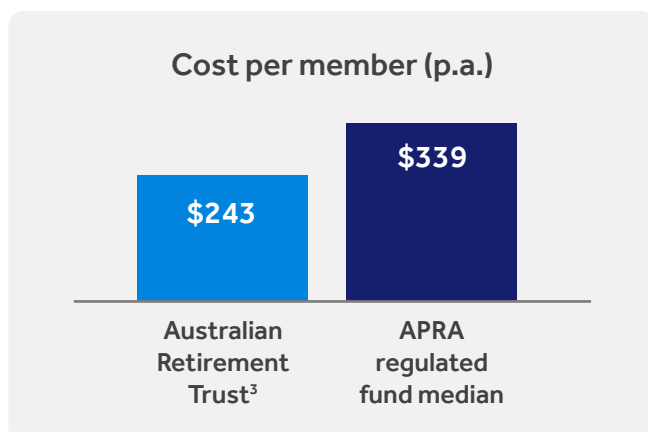
The Trustee believes it is in the best interest of members not to charge member activity related fees and costs¹ (including switching fees and buy – sell spreads).

4. Operating costs and scale

Operating costs are appropriate

We aim to maintain a strong position within the industry on an operating-cost perspective. We have used a combination of methods to perform this assessment, including analysing the cost per member (CPM). CPM expresses the operating costs of the Fund as a dollar value for each member account. Our cost per member is below the median for APRA regulated funds.²

Because our operating costs are low, they do not inappropriately affect the financial interests of our members.



Our size brings opportunities that benefit members

- Our large scale ensures we are in a strong position to take advantage of attractive investment opportunities.
- We attract, retain and develop a capable team.
- We have strong bargaining power, allowing access to preferred suppliers and ability to negotiate terms.

5. QSuper insurance strategy and affordability

The Trustee believes life insurance plays an important role in bridging the gap between a member's retirement account today and the amount that is available to them on retirement or disability or to their beneficiaries if they die. Trustees must strike a balance between providing adequate automatic levels of insurance cover and the costs of the cover.

Trustees have a fiduciary duty to act in the best financial interests of their members. We believe that, in order to discharge the best financial interests duty correctly, it is essential for a trustee to consider both the adequacy of default cover and the cost of cover, and one component should not be overshadowed by the other.

This approach is central to our philosophy on insurance, which promotes the provision of meaningful levels of default cover for members, supported by sustainable premiums that do not inappropriately erode members' retirement benefits. Members are also provided with the ability to personalise cover through underwriting, occupationally rate their premiums and cancel or change their cover to meet individual circumstances.

The insurance strategy for QSuper includes the insurance principles as outlined over the page, and our products are designed to align to these principles.

¹ Excludes the Self Invest option. ² APRA regulated fund median is based on public offer funds where data was available. Source: APRA Annual Statistics as at 30 June 2022 www.apra.gov.au/annual-mysuper-statistics. ³ The Australian Retirement Trust CPM is for the period from 1 July 2021 to 30 June 2022. Sunsuper and QSuper merged on 28 February 2022 through what is known as a Successor Fund Transfer (SFT). To achieve the merger, Sunsuper Superannuation Fund (ABN 98 503 137 921) members' account balances and benefits were transferred to QSuper (ABN 60 905 115 063) which was renamed 'Australian Retirement Trust'. The Australian Retirement Trust CPM includes the impact of Administration and Operating expenses incurred between 1 July 2021 and 28 February 2022 by both Sunsuper Superannuation Fund and Australian Retirement Trust (when it was named QSuper).

Our insurance principles are:

We have developed overarching insurance design principles that guide the development of different insurance benefit designs within separate products, and across all cohorts:

- **Members first** – a proposition designed in our members' best financial interests, appropriate for the characteristics of the specific membership and target market;
- **Affordable** – a default design that strikes a balance between the level of benefits and the impact of premiums on erosion of retirement benefits;
- **Simple** – easy for members to understand and consider;
- **Flexible** – ability to apply for additional cover, decrease cover, cancel cover, and ease of transfer of cover between products;
- **Sustainable** – provide premium stability over the medium term;
- **Equitable** – premiums are charged based on member demographics with acceptable levels of cross subsidisation;
- **Competitive positioning** – benefit design should be value for money for members; and
- **Service excellence** – members, beneficiaries and representatives are treated with empathy and respect and provided with a high standard of service.

Affordable cover for members

A key element of the insurance strategy for QSuper is affordability. For QSuper regular pricing reviews are conducted and when premium increases are considered we assess the impact of default insurance premiums on our members retirement savings. When the last impact assessment was completed in August 2021, we assessed default insurance premiums to be appropriate for QSuper members. The product design allows members to cancel or change their insurance cover or occupationally rate their premiums at any time to suit their circumstances.

Appropriate automatic cover for members¹

The QSuper product has been designed to meet the needs of the eligible QSuper Accumulation account members. The default cover provides tailored, age-based levels of Death cover and Total and Permanent Disablement (TPD) cover. The value of units of cover increases in years when members are likely to have material commitments and responsibilities, before reducing in older ages. Most employees of the Queensland Government or other default employers are provided with default Income Protection (IP) cover with a holistic claims management focus on return to health and income generation. Default premiums for most QSuper account holders are charged at the default rate and they can apply to be occupationally rated. QSuper account holders employed by the Queensland emergency services are provided with automatic default insurance regardless of whether they are under age 25 and their QSuper Accumulation account balance hasn't reached \$6,000 (under the Dangerous Occupations Exception - Putting Members' Interests First legislation). This includes all employees of Queensland Fire and Emergency Services, Queensland Police Service and Queensland Ambulance Service.

¹ Eligibility conditions and criteria apply for eligible QSuper Accumulation account members only. See *QSuper Accumulation Account Insurance Guide* for details.



Annual determination

Annual determination as at 30 June 2022

QSuper Accumulation account product determination

Based on the analysis performed above the Trustee has determined that;

- The fees, risk and return of the QSuper Accumulation account product compare well to peers and regulatory benchmarks, where they are applicable, for both the MySuper and Choice investment options.
- With reference to the members who hold a QSuper Accumulation account product:
 - The investment strategy, including the level of investment risk and return target, is appropriate
 - The basis for the setting of fees is appropriate
 - The options, benefits, and facilities offered are appropriate
 - Operating costs are not inappropriately affecting financial interests
 - The scale of the Trustee's business operations is not causing disadvantage
 - The insurance strategy is appropriate and does not inappropriately erode retirement income

And therefore, the financial interests of the members who hold a QSuper Accumulation account product (whether they are invested in the MySuper or Choice investment options) are being promoted by the Trustee.

QSuper Income account product determination

Based on the analysis performed above the Trustee has determined that;

- The fees, risk and return of the QSuper Income account product compare well to peers.
- With reference to the members who hold a QSuper Income account product:
 - The investment strategy, including the level of investment risk and return target, is appropriate
 - The basis for the setting of fees is appropriate
 - The options, benefits, and facilities offered are appropriate
 - Operating costs are not inappropriately affecting financial interests
 - The scale of the Trustee's business operations is not causing disadvantage.

And therefore, the financial interests of the members who hold a QSuper Income account product are being

promoted by the Trustee.

QSuper Lifetime Pension product determination

Based on the analysis performed above the Trustee has determined that;

- With reference to the members who hold a QSuper Lifetime Pension product:
 - The investment strategy, including the level of investment risk and return target, is appropriate
 - The basis for the setting of fees is appropriate
 - The options, benefits, and facilities offered are appropriate
 - Operating costs are not inappropriately affecting financial interests
 - The scale of the Trustee's business operations is not causing disadvantage

And therefore, the financial interests of members who hold a QSuper Lifetime Pension product are being promoted by the Trustee.



Appendix 1

Part 1 includes a comparison of return (or risk adjusted return) and total fees associated with each of our QSuper MySuper and Choice investment options separately¹. For our MySuper option 'Lifetime', comparisons are made for each lifecycle stage. Returns and fees are compared to the median for a reasonable peer group, as shown below:

| Classification | Grouping | Name of option / lifecycle stage | Peer group | Data source |
|----------------|------------------|----------------------------------|--|--|
| MySuper | Lifecycle stages | Outlook | MySuper investment options and Lifecycle stages with the same Standard Risk Measure (SRM) ² | APRA Quarterly MySuper Statistics <ul style="list-style-type: none">• 1, 3 and 5 years as collated by Chant West³• 8 years as collated by the YourSuper Comparison tool as at 30 June 2022 |
| | | Aspire 1 and 2 | | |
| | | Focus 1, 2 and 3 | | |
| | | Sustain 1 and 2 | | |
| Choice | Diversified | Balanced | Diversified options with a similar % of growth assets | SuperRatings ⁴ (Sharpe Ratios) |
| | | Moderate | | |
| | | Socially Responsible (SR) | | Chant West (Fees) ³ |
| | | Aggressive | | |
| | Single Sector | Cash | Single Sector options within the same sector (e.g. Cash) | SuperRatings (Returns) ⁵ |
| | | Diversified Bonds | | |
| | | International Shares | | Chant West (Fees) ³ |
| | | Australian Shares | | |

Part 2 of the assessment determines whether additional services and the default insurance offering are affordable and appropriate for the members holding QSuper products. In most instances the additional services we offer are consistent between QSuper Accumulation and QSuper Income account holders, so this analysis is performed only once.

¹ As Self Invest is set up differently to other QSuper investment options, analysis on returns, fees and costs have not been prepared. Please refer to the QSuper *Investment Choice Guide* for specific details. ² For further details, see qsuper.qld.gov.au/srm ³ Chant West's Member Outcomes Dashboard, data ending 30 June 2022. © Zenith CW Pty Ltd ABN 20 639 121 403 (Chant West), Authorised Representative of Zenith Investment Partners Pty Ltd ABN 27 103 132 672, AFSL 226872 under AFS Representative Number 1280401. The data provided by Chant West is based on information supplied by third parties and does not contain all the information required to evaluate Australian Retirement Trust. You are responsible for obtaining further information as required. To the extent that this data is advice it is General Advice (s766B Corporations Act). Individuals should seek their own independent financial advice and consider the appropriateness of any financial product in light of their own circumstances and needs before making any investment decision. Chant West has not taken into account the objectives, financial situation, or needs of any specific person who may access or use this data including target markets of financial products, where applicable. It is not a specific recommendation to purchase, sell, or hold any product(s) and is subject to change at any time without prior notice. Individuals should consider the appropriateness of any advice in light of their own objectives, financial situations, or needs and should obtain a copy of and consider any relevant PDS or offer document before making any decision. Data is provided in good faith and is believed to be accurate; however, no representation, warranty, or undertaking is provided in relation to the accuracy or completeness of the data. Data provided is subject to copyright and may not be reproduced, modified, or distributed without the consent of the copyright owner. Except for any liability which cannot be excluded, Chant West does not accept any liability whether direct or indirect, arising from use of this data. Past performance is not an indication of future performance. Full details regarding Chant West's research methodology, processes, ratings definitions are available at chantwest.com.au, and Chant West's Financial Services Guide is available at chantwest.com.au/financial-services-guide ⁴ SuperRatings Fund Crediting Volatility and Risk Adjusted Return Survey (30 June 2022). SuperRatings does not issue, sell, guarantee, or underwrite this product. Go to superratings.com.au for further details. Past performance is not a reliable indicator of future performance. ⁵ SuperRatings Fund Crediting Rate Survey (30 June 2022). SuperRatings does not issue, sell, guarantee, or underwrite this product. Go to superratings.com.au for further details. Past performance is not a reliable indicator of future performance



Part of Australian Retirement Trust

Phone

1300 360 750 (+61 7 3239 1004 if overseas)

Monday to Friday: 8.00am – 6.00pm (AEST)

Email

qsuper@qsuper.qld.gov.au

Postal address

GPO Box 200, Brisbane QLD 4001

Fax

1300 241 602 (+61 7 3239 1111 if overseas)

Face to face

qsuper.qld.gov.au/contact-us

qsuper.qld.gov.au

Important information

This assessment has been prepared and issued by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840) (AFSL 228975), the trustee of the Fund, Australian Retirement Trust (ABN 60 905 115 063). Any reference to “QSuper” is a reference to the Government Division of the Fund. The Product Disclosure Statement (PDS) and Target Market Determinations (TMD) for QSuper products are available at qsuper.qld.gov.au/docs. For *Super Savings* product the PDS and TMD are available at australianretirementtrust.com.au/pds or by contacting us on 13 11 84.

General information only

This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is general advice and does not take into account any particular person's objectives, financial situation or needs. Because of this, before acting on any advice, you should consider its appropriateness, having regard to your own particular objectives, financial situation and needs. You should obtain and consider the relevant PDS before making any decision about whether to acquire or continue to hold the product.

CNC-5682. 02/22.