



15 March 2021

QSuper and Sunsuper announce Heads of Agreement

The QSuper Board and Sunsuper Pty Ltd today announced they had signed a Heads of Agreement to merge and create a \$200 billion superannuation fund, servicing two million members and open to all Australians.

QSuper Chair Don Luke and Sunsuper Chair Andrew Fraser announced the agreement in Brisbane where the merged fund will be headquartered. The merger is planned to proceed in September 2021.

The Chair of the merged fund will be Don Luke and a Board, drawn from the existing boards, has been named.

The Chief Executive Officer (CEO) will be Bernard Reilly, current CEO of Sunsuper.

Both Chairs welcomed Mr Reilly, saying: “Bernard brings a global perspective, with a proven track record in leading large-scale enterprises in Australia and internationally. He is an exceptional candidate to lead the establishment of what will be a major, and enduring, Australian superannuation fund.”

In a joint statement announcing the agreement, Mr Luke and Mr Fraser said: “This historic agreement will pave the way for the creation of an unquestionably strong superannuation fund with the scale to deliver outstanding services, greater efficiencies and lower costs for members.

“The combination of QSuper’s public sector heritage in Queensland and Sunsuper’s national employer base combined with commitment to partnering with external financial advisers will create a diversified and resilient organisation investing on behalf of two million members.

“Combining the two strong, successful funds will create an organisation of world-class capability that will be open to all Australians.”

QSuper has funds under administration of \$120 billion and 600,000 members. It has been Queensland’s public sector fund for more than a century and has been a public offer fund since 2017.

Sunsuper has funds under management of more than \$80 billion and 1.4 million members. It has operated since 1987 and has a strong record of growth in the national market.

Commenting on Mr Reilly’s appointment, the Chairs said:

“Bernard has led large-scale efforts in bringing complex organisations together, with a deep understanding of the dynamic regulatory environment. Prior to being appointed as CEO of Sunsuper, a highlight of Bernard’s career was steering a new global strategic direction and growth program for State Street Global Advisors.

“Above all else, Bernard has a deep commitment to the mission of serving the best interests of members,” Mr Luke and Mr Fraser said.



As announced by QSuper separately, the current CEO of QSuper, Mr Michael Pennisi, did not seek a role in the new organisation and will leave the fund in September 2021.

“Michael intended to conclude his time at QSuper in October 2020 at the end of his five-year term, but with the merger negotiations underway he agreed with the QSuper Board to extend his tenure to sponsor the merger during the critical phase leading to today’s announcement and into the transition,” Mr Luke said.

Both Chairs expressed their gratitude to Mr Pennisi, and praised his leadership.

“Michael put the interests of members first in agreeing to stay and we honour his commitment and leadership – both in respect to the merger, and QSuper’s success during his tenure as CEO,” said Mr Luke and Mr Fraser.

The Chairs also announced the members of the Board, that will oversee the merged fund.

“The Board brings together a strong and diverse array of talent and skills. We have put together a group which will assuredly focus on the best interests of members and provide the governance needed to create a fund that can capture the opportunities our members expect,” Mr Luke said.

Under the Heads of Agreement, both organisations will continue to work together to agree the merged organisation’s structure and how operations will deliver material benefits to each fund’s membership, with details to be shared with members of each fund during the coming months.

All staff, below senior management, at both organisations have been given commitments of employment security for at least two years.

Today’s announcement comes after a substantial period of due diligence for what will be the most significant merger in the superannuation industry.

“The due diligence process we have undertaken demonstrates a strong business case for merging with achievable efficiencies and savings,” said Mr Fraser and Mr Luke.

Both trustee boards are required under law to determine if a merger is in the best interests of their members.

“Each of our Boards believe that signing a Heads of Agreement is in their members’ best interests and we are each taking the next step to realise the potential of this merger,” Mr Luke and Mr Fraser said.

The merger remains subject to a range of conditions, including regulatory and legislative, and final Board approvals.

Attachments:

1. Media release – QSuper and Sunsuper name Board and CEO for the future
2. Media release - Michael Pennisi



ENDS

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