

QSuper Investment Guide

Issued 1 July 2023



Who this guide is for

If you're a QSuper Accumulation account holder and would like to learn about your investments and how we invest your money, this guide is for you.

It explains:



Investment basics, like asset classes and managing risk



How to choose an investment strategy to meet your financial goals



Our wide range of investment options



How to invest or change your investments.

Important information

The information in this document forms part of the Product Disclosure Statement for Accumulation Account (PDS) dated 1 July 2023. The PDS references important information that you will find in this guide.

You can find other important information in our Accumulation Guide and our Insurance Guide that each form part of the product disclosure statement. These guides are available at qsuper.qld.gov.au/pds or call us and we'll send them to you.

Before making a decision about your current investment choice or switching investments, please read the important information in the PDS and this guide.

This guide explains how we can or do invest your super.

This Investment Guide and all QSuper products are issued by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL No. 228975) (Trustee) as trustee for Australian Retirement Trust (ABN 60 905 115 063) (Fund). QSuper is part of Australian Retirement Trust. Any reference to 'we', 'us', or 'our' in this guide is a reference to the Trustee.

Target market determinations that describe who we design our financial products for are available at qsuper.qld.gov.au/tmd

Financial Services Guide

Our Financial Services Guide contains information about the financial services we provide. It's designed to help you decide whether to use any of our financial services and is available at qsuper.qld.gov.au/guides or you can contact us for a copy.

General advice warning

This document contains general information only and doesn't take into account your personal objectives, financial situation or needs. You should seek professional financial advice tailored to your personal circumstances.

Privacy

We respect the privacy of the information you give us. Our Privacy Policy describes how we may collect, hold, use and disclose your personal information and how you may access and update the personal information we hold about you. Our policy is available at qsuper.qld.gov.au/privacy or by contacting us.

Case studies

The case studies in this document are illustrative only. They assume that all terms and conditions have been met. Figures may be rounded for ease of understanding.

Keeping you informed

There may be changes from time to time to information contained in the PDS, including any of the documents that we refer to as forming part of the PDS. Where those changes are not materially adverse, we will publish the updated information on our website at qsuper.qld.gov.au/pds or you can call us on **1300 360 750**. We will also send you a paper or electronic copy of the updated information on request, free of charge.

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Australian Retirement Trust is one of Australia's largest super funds

Over 2 million QSuper and Super Savings account holders trust us to take care of their retirement savings.

Find out more about us at australianretirementtrust.com.au

QSuper is part of Australian Retirement Trust

We're here to help our members retire well with confidence, with our focus on:

- low fees
- strong long-term investment returns
- outstanding services.



For further information about ratings methodology used and awards disclaimers refer to www.qsuper.qld.gov.au/awards

On 28 February 2022 Australian Retirement Trust was formed through a merger of QSuper and Sunsuper. Past performance is not a reliable indicator of future performance. Ratings and awards are subject to change and are only one factor to consider when deciding how to invest your super.

The QSuper difference

We understand that your super is likely to be one of your biggest investments in life. We want you to feel confident that, no matter what level of involvement you have in investing your super, you have access to our professionally managed investment strategies that can adapt to your changing needs.

We're here to help you retire well with confidence, aiming to earn strong long-term investment returns, charge you low fees, and give you the information and access to advice you need to help manage your super and retirement.

Focus on delivering strong long-term performance¹

Our professionally managed investment approach aims to provide strong returns over the long term, with fewer ups and downs along the way. Our strategy diversifies risk across asset classes, reducing the role of equity risk in our diversified portfolios. Overall, we believe this can provide a better retirement outcome for you.

¹ Past performance is not a reliable indicator of future performance.

Our size offers opportunity

QSuper is part of Australian Retirement Trust, one of Australia's largest super funds. We have access to assets that are not available to individuals, self-managed super funds (SMSFs), or even many smaller super funds. This means we can invest in long-term infrastructure and property assets such as airports, utility companies, and high-profile property in locations like New York. These types of investments are designed to provide consistent, reliable income, and stable long-term returns.

Accumulation account

Our Accumulation account can help you save for retirement during your working years. Your employer and personal contributions can accumulate in this account.

You can only access money in your Accumulation account once you've reached your preservation age and retired or have met another condition of release.

Our investment options

With an Accumulation account, you have access to a wide range of investment options.

Let us manage your investments

Our default investment option for Accumulation accounts is called **QSuper Lifetime**. This option uses your age and Lifetime account balance to set an investment strategy that suits your life stage.

Take some control

Mix and match our range of Diversified and Single Sector options to suit your investment strategy.

Diversified options

- Moderate
- Balanced
- Socially Responsible
- Aggressive

Single Sector options

- Cash
- Diversified Bonds
- International Shares
- Australian Shares

Self Invest

Self Invest is available to existing investors only who utilised Self Invest prior to 1 July 2023. If you already invest in Self Invest through your Accumulation account when you open an Income account, you are also counted as an existing investor. If you are an existing investor:

- Self Invest gives you control over how to invest your super
- You can invest in term deposits, exchange traded funds (ETFs), and/or shares



Making an investment choice

If you want us to manage your investment strategy, you can choose to leave your money in our default investment option called QSuper Lifetime.

QSuper Lifetime is an innovative investment option that uses your age and Lifetime account balance to set an investment strategy to suit your life stage. This means your money goes into more aggressive investments when you are younger and will be more protected as you approach retirement.

If you want more control over your investments, you can make your own investment choices. We show you your investment options and some factors to consider in this guide.



Learn

Read about the relationship between risk, return and time, how we invest, our investment options, and their risk and return profiles.



Consider your situation

Ask yourself the following questions:

- How long are you investing for?
- What level of risk can, or should, you take to achieve your retirement goals?
- How much would short or medium-term losses impact these retirement goals?



Get advice

Deciding what is best for you will depend on your circumstances. You may want to seek personal financial advice to get the most from your superannuation. You can find out more about financial advice options at qsuper.qld.gov.au/advice



Take action

If you decide that the default option is right for you, you do not need to do anything to invest in it. We automatically invest your money in this option.

If you think that one or more of our other options are a better fit, you can make an investment choice by logging in to [Member Online](#) or completing a Switch Investments form available at qsuper.qld.gov.au/forms

Getting help

Visit qsuper.qld.gov.au for more resources to help you make an investment decision, including:

- **Super projection calculator:** See if you are on track to meet your retirement goals and the difference changing your investment strategy could make.
- **Performance graphs:** Show how each option has performed in the past. This is not a guarantee of future performance.
- **Online advice:** As a QSuper account holder, you can receive online advice about your QSuper account investment options. For more information, see qsuper.qld.gov.au/onlineadvice

Manage your investment strategy

As an Accumulation account holder, you decide how to invest your account balance and any future contributions.

You can change the investment approach for your super at any time. You can update your choices at any time, free of charge.¹

Make changes by logging in to [Member Online](#) or sending us a Switch Investments form available at qsuper.qld.gov.au/forms or by calling us to request a copy, free of charge.

Your super is a long-term investment, so any investment decisions need to consider:

- your personal circumstances
- your retirement goals
- what investment strategy is most likely to help you reach your goals.

¹ We reserve the right to limit investment switches and partial withdrawals. See qsuper.qld.gov.au for information and changes.




Book a place at one of our seminars to learn more about investment strategies. Go to qsuper.qld.gov.au/seminars for more information.






Understand the investment basics

Asset classes

Assets are the building blocks of your investment. An asset class is simply a group of investments that have similar characteristics. Understanding what these asset classes are and how they might perform can help you to decide which investments are suitable for you.

Asset class	How it is invested
 Cash	Cash Cash is usually invested in the short-term money market, and can include: <ul style="list-style-type: none">• deposits at call• bank bills• term deposits• negotiable certificates of deposit. Cash is considered the most secure asset class and generally has the lowest volatility and long-term returns.
 Fixed interest (bonds)	Fixed interest (bonds) Fixed interest is like a loan to a government or a company. It has an interest rate set in advance and the principal is paid back at the end of the loan term. Bonds can be traded and their value will change as interest rates change in the market. This means they have the potential for both positive and negative returns. Bonds can protect capital, enhance returns, or act as a hedge against inflation.
 Real estate	Real estate Real estate (property) investments include: <ul style="list-style-type: none">• commercial buildings like offices or shopping centres• industrial properties• residential housing. Property returns are from rental income and movement in the property's value. Generally, property can get higher returns over the longer term, but returns can be volatile over the short term.
 Equities (shares)	Equities (shares) Equities cover Australian and international shares and private equity. Buying shares means that you own part of a company, either in Australia or overseas. The investment returns from shares can come both from the change in the value of the shares, and the payment of dividends. Private equity can be equity (or debt) in companies not publicly traded on a stock exchange. Equities have historically delivered higher returns over the long term. Still, their value is more likely to fluctuate over shorter periods.

Asset class	How it is invested
 Infrastructure	<p>Infrastructure</p> <p>These are buildings and structures that help governments and communities operate. Infrastructure examples include:</p> <ul style="list-style-type: none"> • roads • airports • ports • utility assets like electricity and water • other community projects and assets. <p>Investments can be in single assets or externally managed infrastructure funds.</p> <p>Infrastructure investments can have defensive and/or growth characteristics. These investments aim for returns through income, like rent, and potential capital gain when the assets are sold.</p>
 Commodities	<p>Commodities</p> <p>Commodities include sectors like:</p> <ul style="list-style-type: none"> • industrial metals (copper, lead, zinc) • precious metals (gold and silver) • grains (corn and wheat) • energy (oil and natural gas) • livestock (such as cattle). <p>Often commodities are traded through futures markets at three, six or 12-month maturities.</p> <p>Commodities can provide protection in periods of high inflation.</p>
 Alternative assets	<p>Alternative assets</p> <p>Alternative assets are different to the more traditional asset classes. They can be defensive and/or growth assets, which means they can offer a level of diversification you don't generally get with more traditional assets.</p> <p>The types of alternatives we may invest in include:</p> <ul style="list-style-type: none"> • incubator assets - small investments in new return sources with strong prospects, but an 'as yet' limited realised track record • managed funds - where we invest with others in specific strategies, often through external providers.

Investing and risk

All investment comes with some risk. A key investment risk is market volatility. This is the risk that the value of your investment will go down and up. Negative returns are normal for some asset classes, as markets tend to move in cycles.

It is important to understand the different risk types, and how they might affect you. It's also helpful to determine how you feel about risk and return when focusing on growing your super and then when drawing on it. We show you some of the other risks you need to consider when choosing an investment strategy on page 9.

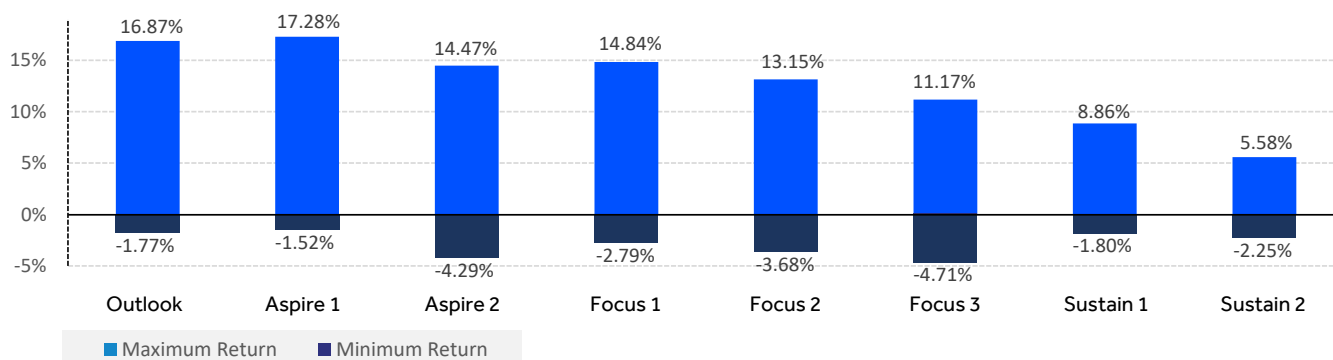
Consider how comfortable you are with short-term losses (volatility). As super is a long-term investment, think about this in terms of long-term returns. Generally, investments with higher risk have a larger range of returns. In comparison, those with lower risk have a smaller range of returns.

The graph directly below shows the highest and lowest historical returns (net of fees and tax) for each of our Lifetime, Diversified and Single Sector investment options since their first full financial year of returns, up to the financial year ending 30 June 2022.

You can find information about the performance for our investment options at qsuper.qld.gov.au/performance

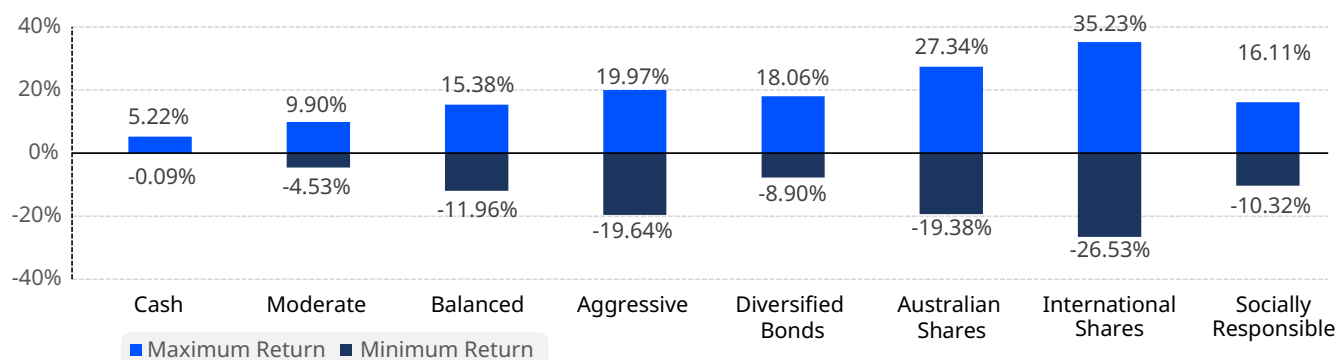
Remember, past performance is not a reliable indicator of future performance.

Range of financial year annual returns – QSuper Lifetime¹



¹ The range of annual returns for the Lifetime investment option is from 2015 to 2022. These include the returns of the relevant default QSuper investment option before the Fund was renamed Australian Retirement Trust following the merger of QSuper and Sunsuper on 28 February 2022.

Range of financial year annual returns to 2022 – Diversified and Single Sector options



Market volatility – or the risk that your investment will go down as well as up – is one risk associated with investing.

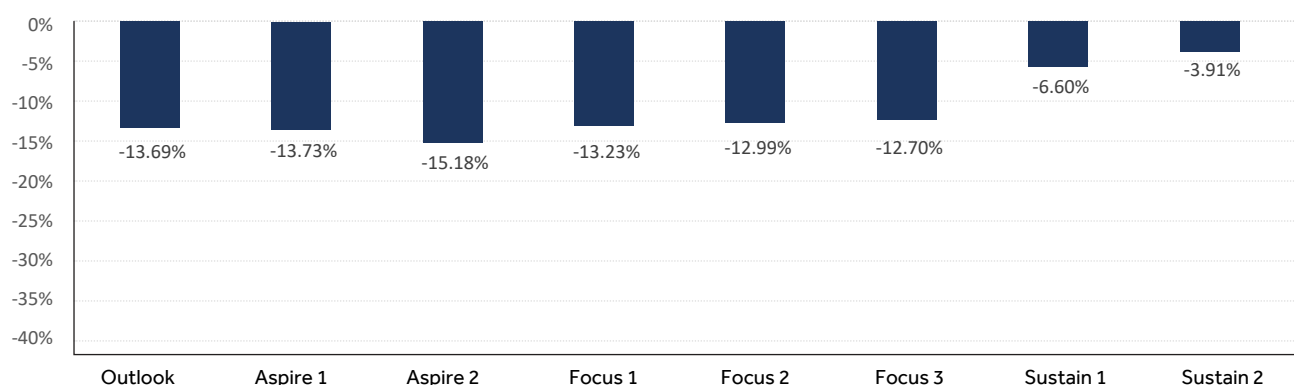
During extreme financial market movement, the value of any investment option can vary from the long-term performance shown. Please see qsuper.qld.gov.au/performance for more information on investment performance.

While the range of annual returns in the graph above provides the outcomes over a one-year period, options can have significant fluctuations within an even shorter timeframe.

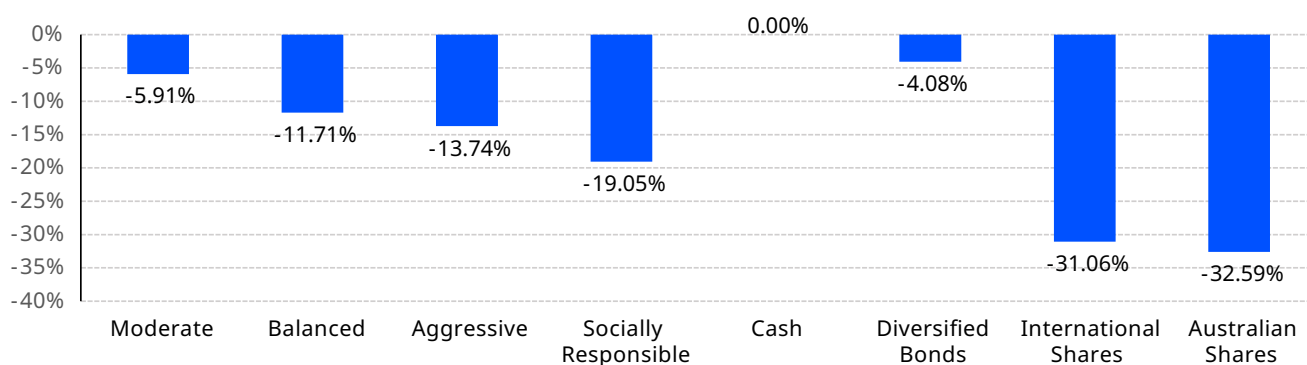


The graphs below show the losses experienced by all QSuper investment options over the period during which COVID-19 was significantly impacting markets (February to May 2020). The largest drawdown graphs have been calculated as the percentage change from peak to trough in the unit price of each option between February and May 2020.

Largest drawdown, February-May 2020 – QSuper Lifetime



Largest drawdown, February-May 2020 – Diversified and Single Sector options



Standard Risk Measure

We use the Standard Risk Measure (SRM) to describe the risk that applies to each investment option. The SRM is based on industry guidance. It allows you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period.

Each option is assigned a 'risk band' and a 'risk label' based on the likely number of negative annual returns you can expect over any 20-year period.

The SRM isn't a complete assessment of all forms of investment risk. For example, it doesn't:

- detail the size of a possible negative return
- show you if the potential for a positive return might be less than you may require to meet your objectives
- go into the impact of administration fees and costs, and tax on the likelihood of a negative return.

For these reasons, you should make sure you're comfortable with the risks and potential losses associated with your chosen investment option/s. For information on our risk assessment methodology, please see

qsuper.qld.gov.au/srm

This table shows the seven risk bands

















Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

You can find the SRM for each of our investments (based on their asset allocation and objectives) below and on pages 16 to 21. Just look for one of these, where the risk band (1-7) corresponds to the shaded boxes (1-7) and the stated risk label:



The risk labels of the QSuper Accumulation account investment options

The table below shows you the risk labels of the QSuper investment options.

Risk label	Very low	Low	Low to medium	Medium	Medium to high	High	Very high
QSuper Lifetime ¹			 Sustain 2	 Sustain1  Focus 2  Focus 3	 Aspire 2  Focus 1	 Aspire 1  Outlook	
Diversified			 Moderate		 Balanced	 Aggressive  Socially Responsible	
Single sector	 Cash		 Diversified Bonds				 Australian Shares  International Shares

¹ This relates to the default QSuper Accumulation account investment option. If you do not choose an investment option for your Accumulation account, we'll invest your money in QSuper Lifetime. We'll place it in one of these groups. This is a lifecycle investment option. Your Lifetime group and underlying investment strategy will change over time depending on your age and your Lifetime account balance.

It's all about the long term

When looking at investment returns, it's important to remember that a one-year return provides limited information. Markets can be volatile, meaning returns can fluctuate from one year to the next. That's why it may be more appropriate to focus on long-term returns as the most meaningful measure of success. Past performance is not a reliable indicator of future performance.





Risks of investing

Longevity risk

Longevity risk is the risk that your super will run out. While you're still saving for when you stop working, consider how much you might need in retirement, and the investment options that best help you get there. It's important to have an investment strategy to help your super go the distance.

Specific risk

This is the risk associated with any single share or security or asset class. Investing in a single asset or asset class can mean that if that single asset performs poorly, it will significantly affect your portfolio. Investing in diversified investment options can reduce the amount of money you could lose if one asset class performs poorly.

Inflation risk

This is the risk that your investment returns do not grow enough to exceed inflation. It means that if it doesn't grow as much as inflation, the purchasing power of your money will be less than when you started.

Sequence risk

Sequence risk is the impact of investment loss at different stages of your life. When you're entering or in retirement, you'll probably have a higher superannuation account balance than when you were younger, and losses will impact you more substantially. For a younger member with a lower balance but with money still going into super, the loss might have less of an impact.

Investment manager risk

This is the risk that an investment manager will fail to achieve their return target.

Liquidity risk

Liquidity refers to how easily an asset or security can be bought or sold in the market and converted to cash. The risk is that this may come at a cost. Less liquid assets usually demand an illiquidity premium to compensate for this risk. For example, assets like property and infrastructure generally offer good diversification benefits to shares and bond markets and strong long-term returns. However, selling these assets quickly or selling only a part of them isn't always possible.

Timing risk

This is the risk of selling an investment at the wrong time. Selling an investment when prices are low might mean that you lose money. Timing risk can also apply if you're trying to predict future prices when you make investment decisions. It's important to consider timing risk when switching investment options.

Market volatility risk

This is the risk that the value of your investment will go down as well as up. Negative returns are normal for some asset classes as markets tend to move in cycles.



Sustainable investments

We believe integrating the financial implications of environmental, social and governance (ESG) factors (which include labour standards and climate change), into our investment processes is consistent with better investment outcomes. Investment strategies are guided by sustainability approaches in line with our Sustainable Investment Policy and we use the following approaches: ESG integration, stewardship (active ownership) and, in limited cases, exclusions.

We invest the majority of the Fund's portfolio through external investment managers. Therefore, ESG integration is predominantly achieved through the selection, appointment and monitoring of new and existing managers in line with their ESG capabilities. We assign new external investment managers an internally determined ESG rating based on ESG Philosophy and Capability; Commitments and Reporting; ESG Integration; and Active Ownership. For existing managers, these ratings are proposed to be incorporated and used as a benchmark to identify opportunities to uplift their approaches to ESG. We have incorporated modern slavery questions into our external manager ESG Rating and private asset due diligence.

We undertake stewardship activities through engagement and proxy voting. Due to the size of holdings, we cannot engage with all companies in which we are invested. Where we do engage with our investee companies, we use the following methods: directly, collaboratively or through a service provider. Where possible, we will endeavour to vote at all company meetings on resolutions for which we are eligible to vote with some exceptions. Proxy voting decisions are informed by the Australian Council of Superannuation Investors (ACSI) Governance Guidelines and where required, additional information will be sought from other relevant parties.

Please see our Sustainable Investment Policy at qsuper.qld.gov.au/investments/how-qsuper-invests/sustainable-investing for more information.

Negative screening (exclusions)

For the Equities – Australian and International Shares asset classes across all QSuper's Diversified and Single Sector investment options, we exclude direct investment in companies as outlined in the following table.

Exclusions ¹	Description of exclusion criteria	Exclusion threshold
Tobacco²	Companies that manufacture tobacco products.	5% gross revenue threshold (estimated or reported) in most recent year of financial reporting.
Cluster munitions	Companies that manufacture cluster munitions whole weapons systems and companies that manufacture components of cluster munitions. This doesn't include delivery platforms. ³	Any involvement.
Landmines⁴	Companies with an industry tie to landmines that are flagged for landmine manufacturer, ownership by a landmines company, or ownership of a landmines company.	

¹ Exclusions are based on MSCI ESG Business Involvement Screening Research Methodology (October 2022) and associated universe coverage. ² Tobacco companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves. ³ Delivery platforms are companies that manufacture weapon platforms capable of carrying and deploying cluster munitions to the designated target area. Delivery platforms can include self-propelled rocket launcher systems and aircraft. ⁴ This does not include companies with a reviewed and/or past involvement status.

Exceptions to these exclusions

The screening criteria do not apply to pooled vehicles or derivatives, which may have indirect exposure to companies involved in the manufacture of tobacco, cluster-munitions, landmines, or any direct investments that you may make through Self Invest.

The implementation of the exclusions above relies upon accuracy of data from a third-party provider (MSCI).

Sometimes we may accept excluded listed shares as part of super fund mergers. In this instance, we seek to divest in a manner aligned with members' best financial interests, usually within 30 days.

Exclusion lists are updated twice yearly. Following those updates, we inform external investment managers which listed equity shares are required to be excluded from new and existing investments.

Let us manage your investment strategy

We offer QSuper Lifetime as the default option for our Accumulation account holders.

QSuper Lifetime – a snapshot

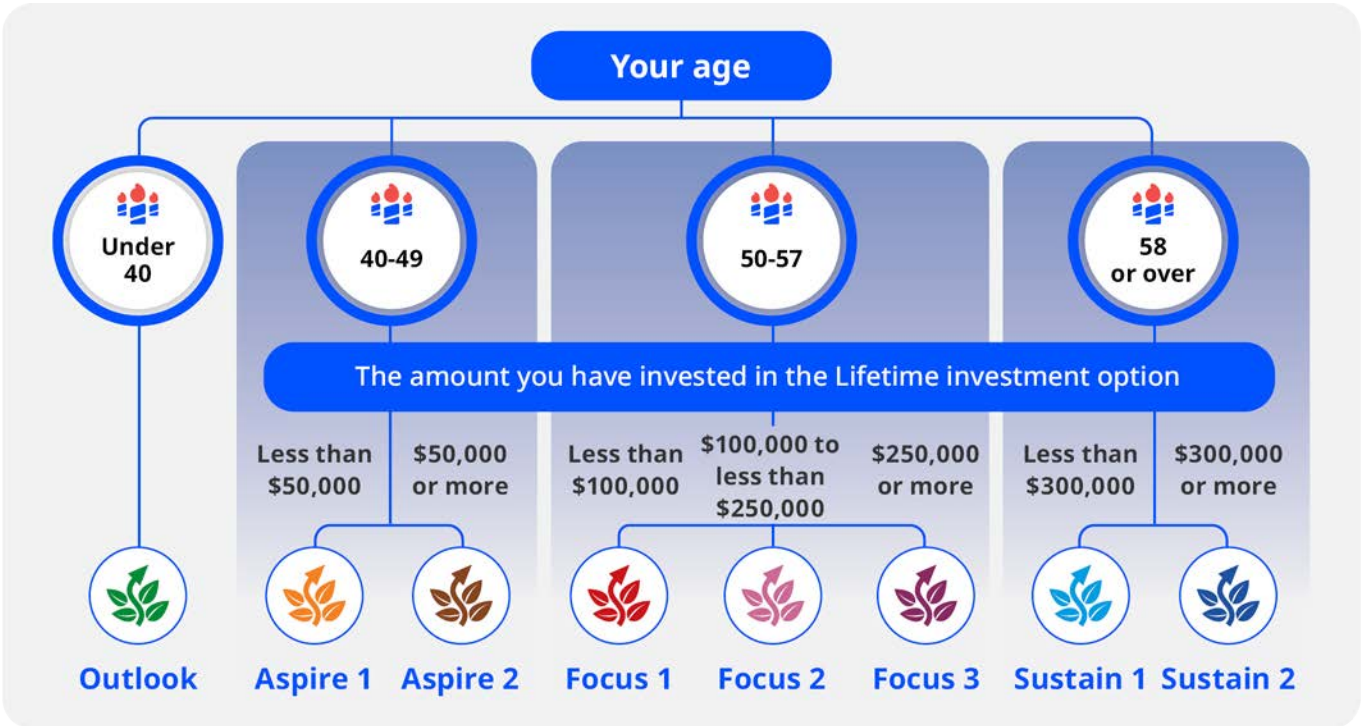
QSuper Lifetime (Lifetime) is our default investment option for Accumulation account holders.

Lifetime features eight different groups tailored to match your life stage. We've designed this option recognising that someone who has just finished university may have very different investment needs to someone retiring in the next few years. With Lifetime, your investment strategy automatically adjusts throughout your life.

What makes our approach so innovative is that we also consider your Lifetime balance. For example, if you are getting close to retirement but have a relatively low balance, we'll make sure you're still invested in some growth assets. This may help give your super a chance to grow in the last few, critical years.

We assess your age and Lifetime balance every six months (in May and November), and move your money to match your life stage at those times.

The table below gives an overview of the Lifetime groups. You will find more details on page 12.



Outlook

Outlook focuses on growth. It aims to maximise your returns while you're still in a life stage where you can take on additional risk.

Aspire

Aspire focuses on growth. Depending on your Lifetime account balance, your investment will have a more aggressive or conservative investment strategy.

Focus

Focus changes your investment strategy. It moves away from growth and is aimed more towards protecting your superannuation savings based on your Lifetime account balance.

Sustain

Sustain aims to protect your savings as you near retirement. If you have a low account balance, we aim to still give your super a chance to grow.

Lifetime changes as your life stage evolves









We offer Lifetime as the default option for our Accumulation account holders to give you peace of mind that your investment strategy is in hands you can trust.

Definitions

Objective: In Lifetime, this is the targeted investment return objective after investment fees and costs, transactions costs and investment taxes measured over rolling 10-year periods.

Investment timeframe: This is the minimum suggested investment timeframe.

Risk label: This is a guide to the investment risk associated with the investment strategy based on the Standard Risk Measure (SRM) outlined on page 7 of this guide. Each Risk label corresponds to a likely number of negative annual returns you can expect over any 20-year period.

	Aged Under 40	Aged 40-49		Aged 50-57			Aged 58 or over	
Balance	Any	Less than \$50,000	\$50,000 or more	Less than \$100,00	\$100,000 to less than \$250,000	\$250,000 or more	Less than \$300,000	\$300,000 or more
Lifetime Group	Outlook 	Aspire 1 	Aspire 2 	Focus 1 	Focus 2 	Focus 3 	Sustain 1 	Sustain 2 
Objective	CPI + 4.0% p.a	CPI + 4.0% p.a	CPI + 3.5% p.a	CPI + 3.5% p.a	CPI + 3.25% p.a	CPI + 3.0% p.a	CPI + 2.5% p.a	CPI + 2.0% p.a
Investment timeframe	10+ years	10+ years	10+ years	5+ years	5+ years	5+ years	2+ years	2+ years
Risk band	6	6	5	5	4	4	4	3
Risk label	High	High	Medium to high	Medium to high	Medium	Medium	Medium	Low to medium
Estimated number of negative annual returns over any 20 year period	4 to less than 6	4 to less than 6	3 to less than 4	3 to less than 4	2 to less than 3	2 to less than 3	2 to less than 3	1 to less than 2



	Outlook	Aspire 1	Aspire 2	Focus 1	Focus 2	Focus 3	Sustain 1	Sustain 2
Asset allocation ranges¹								
Cash	0 - 20%	0 - 20%	0 - 20%	0 - 20%	0 - 25%	0 - 30%	15 - 75%	25 - 90%
Fixed interest	0 - 45%	0 - 45%	5 - 60%	5 - 60%	15 - 70%	25 - 75%	0 - 35%	0 - 35%
Real estate	0 - 30%	0 - 30%	0 - 30%	0 - 30%	0 - 25%	0 - 25%	0 - 25%	0 - 20%
Equities	5 - 75%	5 - 75%	5 - 70%	5 - 70%	0 - 65%	0 - 55%	0 - 55%	0 - 50%
Infrastructure	0 - 30%	0 - 30%	0 - 30%	0 - 30%	0 - 25%	0 - 25%	0 - 25%	0 - 20%
Commodities	0 - 25%	0 - 25%	0 - 25%	0 - 25%	0 - 25%	0 - 20%	0 - 20%	0 - 20%
Alternative assets	0 - 30%	0 - 30%	0 - 30%	0 - 30%	0 - 25%	0 - 25%	0 - 25%	0 - 25%
Asset allocation as at 31 March 2023								
Cash	2.8%	2.8%	2.7%	2.8%	2.7%	2.7%	35.1%	43.3%
Fixed interest	9.3%	9.3%	23.0%	22.4%	31.4%	40.3%	12.0%	12.7%
Real estate	6.5%	6.5%	5.5%	5.6%	4.9%	4.2%	3.9%	3.3%
Equities	60.3%	60.3%	50.9%	51.3%	45.2%	39.1%	36.3%	30.2%
Infrastructure	16.9%	16.9%	14.3%	14.4%	12.6%	10.9%	10.2%	8.4%
Commodities	0.7%	0.7%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%
Alternative assets	3.5%	3.5%	3.0%	3.0%	2.6%	2.3%	2.1%	1.8%

¹ Percentages are subject to rounding.

These figures have been rounded for member reporting.

You can find information about the performance for our investment options at qsuper.qld.gov.au/performance

Remember, past performance is not a reliable indicator of future performance.



Choose your own investment strategy

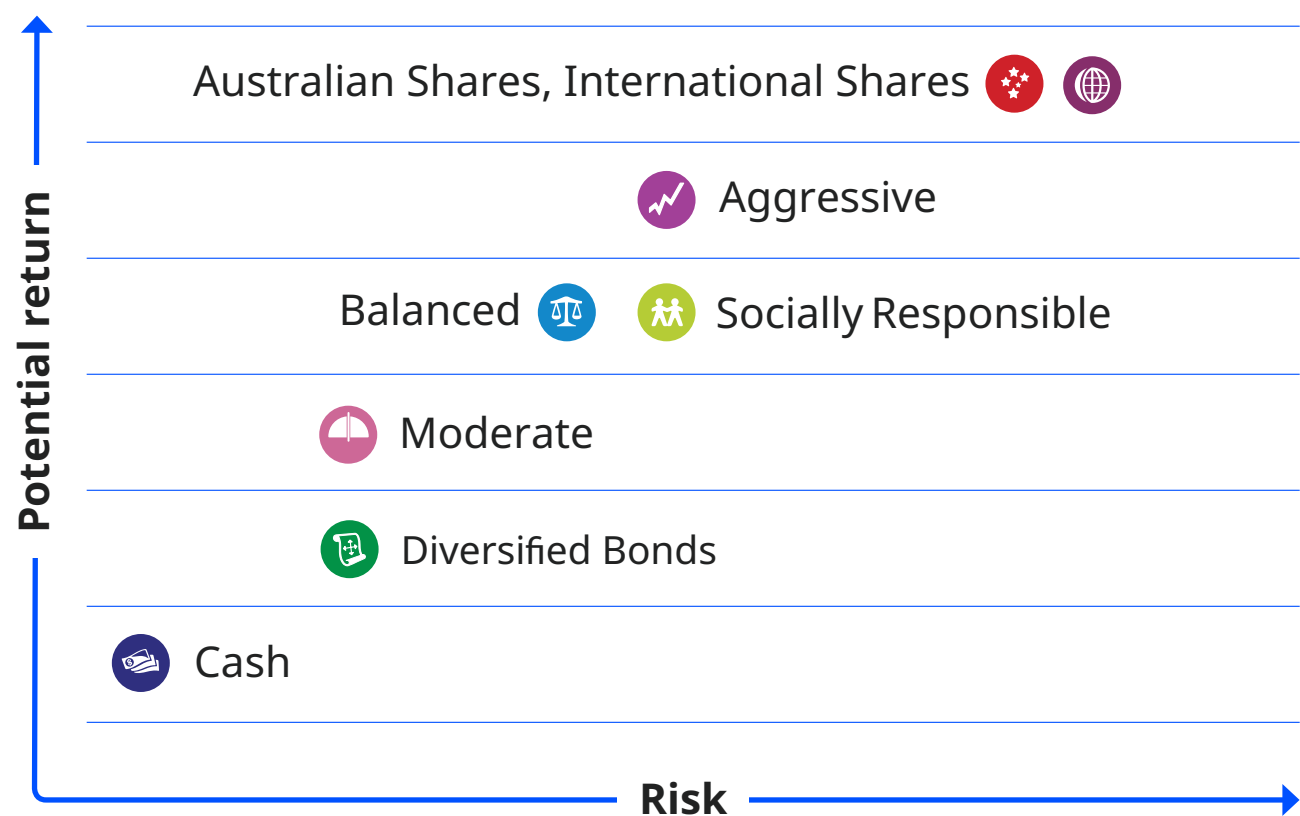
If you want more control over your investments, you can choose from a range of Diversified and Single Sector options. A team of professionals manages these options, so you can feel confident your money is in good hands.

Diversified and Single Sector – a snapshot

QSuper Diversified options are pre-mixed investment options. They offer diversification across asset classes. With QSuper Single Sector options, you can specify how much of your super you want to invest in a single asset class.

This graph lists our investment options and broadly illustrates the possible risks and returns you might expect over the long term. The risks and returns aren't guaranteed and are only indicative of past performance. You will find more details about our Diversified and Single Sector options on pages 16 and 20.

Remember, past performance is not a reliable indicator of future performance.



Understanding your investment options

On the next few pages, you will find more detail about each investment option. This example helps you understand the information about each investment option.

Name of investment option

Balanced

Suitable if you're a medium- to long-term investor and want exposure to assets that will potentially give you higher returns. You should be aware this option could experience negative returns over the shorter term.

A short summary of the investment option and what sort of investor it may suit

The suggested minimum period of time to keep your investment in this option

Investment timeframe: More than 5 years

Objective: CPI + 3.5% p.a.

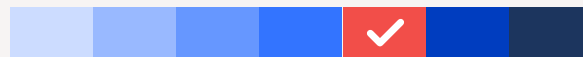
This is the targeted investment return objective measured over rolling 10-year periods after investment fees and costs, transaction costs and investment taxes.

The return this option aims to achieve. It's not a guaranteed rate of return.

A guide to the risk that applies to each investment option.

Risk: Expect a negative annual return 3 to 4 times in any 20 years.

Risk band: 5



Medium to High

Equities includes Australian equities, International equities, and private equity.

Asset class	Asset allocation ranges (%)
Cash	0 - 30
Fixed interest	0 - 35
Real estate	0 - 25
Equities	25 - 75
Infrastructure	5 - 30
Commodities	0 - 15
Alternative assets	0 - 25

The asset classes that make up this investment option, and the asset allocation ranges, are the minimum and maximum percentages we are permitted to invest in each asset class.

Asset class	Asset allocation (%)
Cash	7.6
Fixed interest	16.6
Real estate	6.5
Equities	48.9
Infrastructure	16.7
Commodities	0.6
Alternative assets	3.3

Actual asset allocations as at 31 March 2023. These figures have been rounded for member reporting. We publish the latest asset allocations for each option quarterly at qsuper.qld.gov.au/investments

You can find information about the performance for our investment options at

qsuper.qld.gov.au/performance

Remember, past performance is not a reliable indicator of future performance.



Diversified options



Moderate

Suitable if you want short- to medium-term stability but some exposure to assets that will give you higher returns. You should be aware that you may be sacrificing the potential for higher long-term returns for short- to medium-term stability.

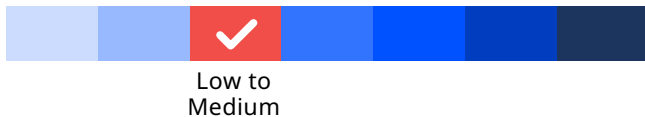
Investment timeframe: More than 3 years

Objective: CPI + 1.5% p.a.

This is the targeted investment return objective measured over rolling 10-year periods after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return between 1 and 2 times in any 20 years.

Risk band: 3



Asset class	Asset allocation ranges (%)
Cash	25 - 75
Fixed interest	0 - 27.5
Real estate	0 - 12.5
Equities	7.5 - 35
Infrastructure	2.5 - 20
Commodities	0 - 7.5
Alternative assets	0 - 12.5

Asset class	Asset allocation (%)
Cash	49.7
Fixed interest	9.1
Real estate	4.6
Equities	23.5
Infrastructure	10.2
Commodities	0.2
Alternative assets	2.6



Balanced

Suitable if you're a medium- to long-term investor and want exposure to assets that will potentially give you higher returns. You should be aware this option could experience negative returns over the shorter term.

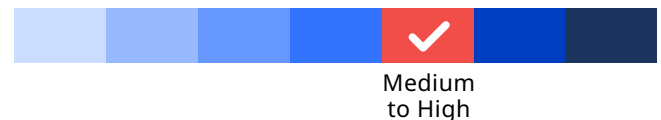
Investment timeframe: More than 5 years

Objective: CPI + 3.5% p.a.

This is the targeted investment return objective measured over rolling 10-year periods after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return between 3 and 4 times in any 20 years.

Risk band: 5



Asset class	Asset allocation ranges (%)
Cash	0-30
Fixed interest	0-35
Real estate	0-25
Equities	25-75
Infrastructure	5-30
Commodities	0-15
Alternative assets	0-25

Asset class	Asset allocation (%)
Cash	7.6
Fixed interest	16.6
Real estate	6.5
Equities	48.9
Infrastructure	16.7
Commodities	0.6
Alternative assets	3.3





Aggressive

Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns.

You should be aware this option is more likely to experience negative returns over the short- to medium-term than an option with a lower risk.

Investment timeframe: More than 10 years

Objective: CPI + 4.0% p.a.

This is the targeted investment return objective measured over rolling 10-year periods after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return between 4 and 6 times in any 20 years.

Risk band: 6



High

Asset class	Asset allocation ranges (%)
Cash	0 - 20
Fixed interest	0 - 35
Real estate	0 - 25
Equities	30 - 75
Infrastructure	5 - 30
Commodities	0 - 20
Alternative assets	0 - 25

Asset class	Asset allocation (%)
Cash	2.5
Fixed interest	9.4
Real estate	6.6
Equities	60.4
Infrastructure	16.9
Commodities	0.7
Alternative assets	3.5



Socially Responsible

Suitable if you're a medium- to long-term investor and want your investments made in line with an extended set of environmental, social and governance principles.

Investment timeframe: More than 5 years

Objective: CPI + 3.5% p.a.

This is the targeted investment return objective measured over rolling 10-year periods after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return between 4 and 6 times in any 20 years.

Risk band: 6



High

Asset class	Asset allocation ranges (%)
Cash	0 - 30
Fixed interest	0 - 40
Real estate	0 - 35
Equities	20 - 75
Infrastructure	0 - 30
Commodities	0 - 15
Alternative assets	0 - 20

Asset class	Asset allocation (%)
Cash	4.8
Fixed interest	13.7
Real estate	18.9
Equities	57.8
Infrastructure	4.1
Commodities	0.3
Alternative assets	0.5



Socially Responsible option investment approach

The option invests in line with an extended set of environmental, social and governance (ESG) principles, in addition to those set out on page 10. The option employs multiple responsible investment approaches including negative (exclusionary) screening for shares, ESG integration and sustainability-themed investing.

Equities – Australian and International shares

Socially Responsible option investments in Australian and International shares include ESG integration and exclusions as set out on page 10.

In addition to the Sustainable investment exclusions that we explain on page 10 and that apply to all QSuper options with allocation to Australian and International shares asset classes, the Socially Responsible option investments in Australian and International shares will exclude direct investment into companies that exceed the specified negative screens.

Negative screening (exclusions)

The following table summarises the exclusions applied to the option's Australian and International shares asset classes.

Exclusions ¹	Description of exclusion criteria	Exclusion threshold
Thermal Coal	Mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties.	5% gross revenue (reported or estimated) threshold in most recent year of financial reporting.
Metallurgical Coal	Mining of metallurgical coal (including coking coal) and its sale to external parties.	
Oil and Gas	Extraction and production or refining of oil and gas.	
Fossil fuel power generation	Thermal coal, liquid fuel and natural gas-based power generation.	
Alcohol	Companies that manufacture alcoholic products, including brewers, distillers and vintners. It also includes companies that own or operate wine vineyards.	
Gambling	Companies that operate gambling facilities such as casinos, racetracks, bingo parlours or other betting establishments.	
Adult entertainment²	Companies that produce adult entertainment materials.	
Tobacco and alternative smoking products³	Companies that manufacture tobacco products, or products aimed to replace or supplement tobacco products.	No threshold (companies deriving any revenue from the manufacture of these products are excluded).
Controversial weapons	Companies that have any tie to controversial weapons (cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or nondetectable fragments).	Any involvement.
Nuclear weapons	Companies that have an industry tie to nuclear weapons.	
Live animal exports	Australian shares companies that own and/or operate live animal export operations.	Australian shares companies identified by internal desktop research to own and/or operate live animal export operations.

¹ Thermal coal, oil and gas, and fossil fuel power generation exclusions are based on MSCI ESG Climate Change Metrics Methodology (November 2022) and associated universe coverage. The metallurgical coal exclusion uses data supplied through, and defined within, MSCI ESG Manager platform. The alcohol, gambling, adult entertainment, tobacco and alternative smoking products, controversial weapons and nuclear weapons exclusions use MSCI ESG Business Involvement Screening Research Methodology (October 2022) and associated universe coverage. The live animal exports exclusion applies to listed Australian shares companies and internal desktop research is conducted by Australian Retirement Trust. ² Companies that produce adult entertainment materials that fall into the following six categories: producer of X-rated films, producer of pay-per-view programming or channels, producer of sexually explicit video games, producer of books or magazines with adult content, live entertainment of an adult nature, producer of adults-only material on the internet. ³ Tobacco and alternative smoking products refers to companies that manufacture tobacco products (or products that aim to replace or supplement tobacco products), such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.



Exceptions to these exclusions

The screening criteria does not apply to pooled vehicles or derivatives, which may have indirect exposure to companies exceeding the negative screens.

The thermal coal and metallurgical coal exclusions do not apply to companies deriving revenue from coal mined for internal power generation, intra-company sales of mined thermal and metallurgical coal, or revenue from coal trading.

The implementation of the exclusions above (other than the exclusion concerning live animal exports) relies upon accuracy of data from a third-party provider (MSCI).

Sometimes we may accept excluded listed shares as part of super fund mergers. In this instance, we seek to divest in a manner aligned with members' best financial interests, usually within 30 days.

Exclusion lists are updated twice yearly. Following those updates, we inform external investment managers which listed equity shares are required to be excluded from new and existing investments.

For other asset classes to which the negative screens referred to above do not apply, we still take steps to integrate consideration of material ESG risks and opportunities into investment decisions we make for the QSuper ESG options as outlined below.

Fixed income

The option's fixed income investments include ESG integration as set out on page 10, and the strategy includes sustainability-themed investing through bonds whose proceeds are used for climate-related or environmental projects.

Private equity

The option's private equity investments include ESG integration as set out on page 10 and the strategy includes sustainability-themed investments seeking outcomes that are aligned with the United Nations Sustainable Development Goals (UN SDGs).

Real estate

The option's real estate allocation is invested in the QSuper real estate asset class and includes ESG integration as set out on page 10.

Infrastructure

The option's infrastructure investments include ESG integration as set out on page 10 and a strategy of sustainability-themed investments that seeks to align with the UN SDGs.

Alternative assets

The option's alternative investments include ESG integration as set out on page 10.

Cash

The option's cash allocation is invested in a portfolio of cash investments within QSuper.

We retain discretion to change the external investment managers, underlying investments and responsible investment approaches that apply to the Socially Responsible option.

Negative screens and responsible investment approaches that apply to the Socially Responsible option may be updated without prior notice to members.



Single Sector options

Our Single Sector options offer a chance to build a diverse portfolio. You can invest in a mix of these options or combine them with our Diversified and Lifetime options.



Cash

Suitable if you're a short-term investor who wants to protect the value of your investment. You should be aware that there will be little short-term real growth.

Investment timeframe: Less than 1 year

Objective: To match the return of the Bloomberg AusBond Bank Bill Index,² after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return of less than 0.5 times in any 20 years.

Risk band: 1

² The Bloomberg AusBond Bank Bill Index is constructed as a benchmark to represent the performance of a passively managed short-term money market portfolio. It comprises a series of bank bills of equal face value, each with a maturity seven days apart.



Asset class	Asset allocation ranges (%)
Cash	100

Asset class	Asset allocation (%)
Cash	100



Diversified Bonds³

Suitable if you're a short- to medium-term investor who wants steady returns. You should be prepared for the value of your investment to have some small movements over the short term.

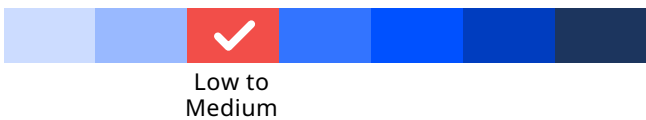
Investment timeframe: More than 3 years

Objective: To match the return of a 40% Australian and 60% international diversified bonds index (hedged in AUD), after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative return between 1 and 2 times in any 20 years.

Risk band: 3

³ This option is managed externally through QIC Limited (ABN 95 942 373 762).



Asset class	Asset allocation ranges (%) ⁴
Cash	0 - 10
Fixed interest	90 - 100

⁴ This option is generally fully invested in a single asset class; however, to accommodate market changes and transaction timings, it may be appropriate to hold up to 10% in cash.

Asset class	Asset allocation (%)
Fixed interest	100





International Shares

Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns. You should be aware this option is more likely to experience negative returns over the short- to medium-term than an option with a lower risk.

Investment timeframe: More than 10 years

Objective: To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index,¹ hedged after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return greater than 6 times in any 20 years.

Risk band: 7



Very
high

Asset class	Asset allocation ranges (%) ¹
Cash	0 - 10
International shares	90 - 100

¹ This option is generally fully invested in a single asset class; however, to accommodate market changes and transaction timings, it may be appropriate to hold up to 10% in cash.

Asset class	Asset allocation (%)
Cash	0.6
International shares	99.4



Australian Shares

Suitable if you're a long-term investor and want exposure to assets that will potentially give you higher returns. You should be aware this option could experience negative returns over the short to medium term.

Investment timeframe: More than 10 years

Objective: To match the return of the S&P/ASX 200 Accumulation Index,² after investment fees and costs, transaction costs and investment taxes.

Risk: Expect a negative annual return greater than 6 times in any 20 years.

Risk band: 7



Very
high

² The S&P/ ASX 200 represents Australia's 200 largest companies on the Australian Securities Exchange, selected based on their market capitalisation and liquidity.

Asset class	Asset allocation ranges (%) ¹
Cash	0 - 10
Australian shares	90 - 100

¹ This option is generally fully invested in a single asset class; however, to accommodate market changes and transaction timings, it may be appropriate to hold up to 10% in cash.

Asset class	Asset allocation (%)
Cash	0.2
Australian shares	99.8



Understanding your investments in detail

Unit prices

When you add money to your super, you're actually buying a number of units in our investment options. When you make a withdrawal, you sell a number of units in that investment option. Each investment option has a unit price. To work out how many units you can buy, you divide the dollar value of your investment by the unit price of the investment option on the day you buy them. For example, if the unit price for the Balanced option is \$1, and you invest \$100, you buy 100 units in the Balanced option.

To calculate the balance of your account, you multiply the number of units you have in an investment option by the unit price of that investment option. The value of these units changes daily, so their value goes up and down, as does the value of your investment.

When you make a withdrawal, you sell units in an investment option. This means that you are locking in any gains or losses you have made in that investment option. The number of units you sell equals the dollar amount you want to withdraw divided by the unit price of the investment option on the day of payment.

How unit prices are calculated

The unit price for each investment option is usually calculated daily (Monday to Friday, excluding public holidays in Brisbane). It is net of applicable fees and taxes. Please see our Accumulation Guide at qsuper.qld.gov.au/pds for more information about fees and costs.

These unit prices reflect the value of the option's underlying assets at the close of business two working days earlier. This approach provides time to collate data from international markets to incorporate into the valuations.

The valuations are based on the latest available value of net assets at the applicable close of business in all relevant domestic and international markets for that day.

Where the value of net assets at the close of business is not available for an investment, we reserve the right to estimate the value of net assets based on industry-accepted indices.

Some of the assets included in our investment options are not subject to daily revaluations. As a result, the total realisable value of these assets may not be reflected in the value of net assets used in the unit price calculations. Therefore, we reserve the right to exercise discretion and use our best judgment in assigning an appropriate and latest available value to these assets.

To determine the unit price of an investment option, we calculate:

- the total value of the option's assets (including any income entitlements)
- minus its liabilities,
- divided by the number of units on issue for that option.

The unit prices include allowances for tax on investment earnings (where applicable), investment fees and costs and transaction costs.

We reserve the right to determine that unit prices are calculated on public holidays in Brisbane to process intra-fund transfers. If we do calculate a unit price on public holidays in Brisbane, the unit price will be applied for all QSuper investment options as if it was a typical business day. We also reserve the right to temporarily suspend unit prices if extreme market volatility or circumstances outside of our control mean we can't calculate a unit price. If we need to suspend a unit price for any or all of our options, we may stop processing transactions until a unit price is available. If we need to suspend unit prices, we will let you know via our website qsuper.qld.gov.au

The purpose of and the procedures relating to any reserves can be found in our Annual Report at qsuper.qld.gov.au/annualreport

What are buy-sell spreads?

Buy-sell spreads are fees to recover transaction costs incurred by the trustee of a super fund in relation to the sale and purchase of assets of the fund. Currently, we do not charge a buy-sell spread for any of our investment options. However, we reserve the right to apply a buy-sell spread at our discretion.

When investing money in an investment option with a buy-sell spread:

- the entry unit price includes a buy spread and is used to buy units
- when withdrawing money, the exit unit price includes a sell spread and is used to sell units
- the buy-sell spread may vary from time to time to reflect the spreads charged by the relevant investment managers.



How investment returns are calculated

Investment returns depend on the change in the unit price. If the unit price was 1.0100, and then three months later the unit price was 1.0467, the return over this period would be calculated as:

$$\frac{1.0467 - 1.0100}{1.0100} \times 100 = 3.63\%$$

Tax on investment returns

If you have an Accumulation account, your returns are generally taxed at 15% (although some capital gains can be taxed at a rate of 10%).

We estimate the rate of taxation for each of your investment options. We adjust it quarterly, where applicable. This is tax provisioning.

Foreign currency hedging

When you invest overseas, changes in the value of the Australian dollar compared to the other currency can affect short-term returns on your investments, both positively and negatively.

Changing currency exposure may minimise these short-term gains and losses. As a result, the returns you get primarily reflect the performance of your investment.

The following QSuper investment options have overseas investments that contain some exposure to foreign currency (therefore, are partially hedged):

- Lifetime
- Moderate
- Balanced
- Aggressive
- Socially Responsible
- Diversified Bonds.

The following QSuper investment option has overseas investments but has been fully hedged, so it's not exposed to foreign currency:

- International Shares.

In addition to hedging, we may also hold foreign currency positions not directly related to specific foreign assets to improve the portfolio's risk and/or return characteristics.

Important information about the indices we reference in this guide and the PDS

Bloomberg AusBond Bank Bill Index

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MSCI World ex Australia Net Investable Market Index (IMI) in \$A

Source: MSCI. The MSCI data comprises a custom index calculated by MSCI for, and as requested by, QSuper Limited.¹ The MSCI data is for internal use only and may not be redistributed or used in connection with creation or offering any securities, financial products, or indices. Neither MSCI nor any other third party involved in or related to compiling or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability, or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) even if notified of the possibility of such damages.

¹ QSuper Limited (ABN 50 125 248 286 AFSL 334546) has been appointed by the Trustee as an investment manager to provide investment services.

S&P/ASX 200 Accumulation Index

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¹ QSuper Limited (ABN 50 125 248 286 AFSL 334546) has been appointed by the Trustee as an investment manager to provide investment services.





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