

# Annual Report

## 2014/2015



### Bonnie, Sydney

Administration Coordinator  
Sydney Domestic  
Qantas Super member since 2002

We thank Qantas Super member, Bonnie Cole, and her family Brad, Chantelle and James. Bonnie from Sydney has been a Qantas Super member since 2002. Read her story on page 11.

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This document is of a general nature and does not take into account your personal objectives, situation or needs. In addition, the information contained in this document is generic and may not be applicable to members across all divisions.

Before making a decision about the Qantas Superannuation Plan, consider your financial needs and read the Product Disclosure Statement (PDS) or member disclosure materials applicable to your membership.

Issued by Qantas Superannuation Limited ABN 47 003 806 960 AFSL 288330 RSE L0002257 (QSL, we, us, our or trustee) as trustee for the Qantas Superannuation Plan ABN 41 272 198 829 (Qantas Super or Plan).

# Report from the Chair and Chief Executive Officer

## Welcome to the 2014/2015 Annual Report.

This year has been one of consolidation and simplification.

### You are our focus

During the year, we continued to focus on enhancing our offer to you.

We simplified the structure of the Plan by closing Division 8, the old division for retained members. This meant more than 7,000 of you moved into Gateway which provides lower ongoing administration fees, flexible insurance options, and access to future product enhancements, including the ability to choose multiple investment options and an enhanced solution for retirement and transition to retirement.

We also improved our service capabilities to make it easier for you to manage your superannuation transactions.

And we welcomed more than 430 of you from **Australian air Express** who transferred from the Australia Post Superannuation Scheme (APSS) to Qantas Super.

We continued to hold **seminars** on retirement, growing your wealth, and other key topics. However, recognising that many of you are unable to attend an hour-long seminar in the day, we

developed the **pop-up information booth** to visit various ports. This allows you to drop by, ask general questions, and leave with relevant information and material to help you continue to build your super. In these ways, we were able to connect directly with more than 850 of you.

To understand how we are performing, we gather information through member satisfaction interviews, phone polling and surveys (after seminars and calls to the Helpline) – and of course, we're always speaking with many of you informally. All this feedback helps drive our improvements.

We're pleased to say that, for the third year in a row, your fund has received a **'Gold'** rating from SuperRatings as well as again being nominated as a finalist for a **Rising Star Award**.

Our involvement is personal – the team is based in the Sydney campus at Mascot, we travel across locations to speak to you, and provide a bridge between Qantas Super and Qantas Airways Ltd as the Sponsor of Qantas Super.

### Challenges

A key challenge during the year was the significant increase in some insurance premiums. Though there were no changes to the premiums for Standard Cover/Basic Cover (that is, the default cover) for death and total and permanent disablement, premiums for income protection and Voluntary Cover did rise. Such increases are industry-wide and are largely due to an increase in claims and new requirements placed on life insurers. However, we've been able to maintain existing insurance benefits which we know you value, such as high Automatic Acceptance Limits (meaning you don't have to go through extra medicals and tests) and 75% income replacement levels for income protection. In 2014/2015, we approved more than **90%** of claims. It's important that our group insurance policy provides a sustainable safety net for those of you who are currently on claim or those who may need help in the future.



For the third year in a row, your fund has received a **'Gold'** rating from SuperRatings as well as again being nominated as a finalist for a **Rising Star Award**.



## Report from the Chair and Chief Executive Officer (continued)

### Looking forward

A significant focus of 2014/2015 was setting the **foundations** for initiatives such as our new retirement product.

We also conducted a comprehensive **future-focused strategic review** of Qantas Super and its offer to members. We asked you what you want and expect from us, we looked at what comparable funds offer, and analysed market changes, and used this insight to determine where we should invest to develop meaningful, relevant product improvements for you.

It's important to note that, as a corporate fund with a membership of current and former airline employees, an average member age of 45 and comparatively high balances, we're distinct from other funds which cater to a broader population. We don't offer every single bell and whistle that other funds offer – we're a bespoke fund for a specific membership. Instead, we ask ourselves "How important is this feature for our members? How much would it cost to add that feature?" We've worked hard to get that balance right for you.

Enjoy reading this year's annual report.



**Anne Ward**  
Chair

A handwritten signature in black ink, appearing to read 'Anne Ward'.



**Jane Perry**  
Chief Executive  
Officer

A handwritten signature in black ink, appearing to read 'Jane Perry'.

**Editor's note:** This is the last column from CEO Jane Perry, who announced in June that she would retire at the end of 2015 to spend time with husband, Bob, and their family.

### A postscript from Anne

On behalf of the Qantas Super Board and all of you, I thank Jane for almost four years of unwavering focus on members. Jane has steered Qantas Super strategically through a period of unprecedented regulatory and industry change with care and distinction. The Board and her team will miss her enormously, but we wish her and her husband, Bob, a long and adventurous retirement.

### And a personal message from Jane

My decision to leave Qantas Super after almost four years was not made easily. Working with the Qantas Super Board and the Executive Office team to improve our offer and strengthen outcomes for you – while managing significant legislative and regulatory change – has been a career highlight. Everyone on the Board and in the Executive Office team is passionate about driving better retirement outcomes for members. It has been a privilege and a delight to be here, and as I head off into my own retirement, I wish you the very best.



# Key achievements

## in 2014/2015

### Highlights

- ✓ Delivered a solid risk-adjusted return of 7.47% for the financial year for the Growth investment option
- ✓ Growth investment option rated in the top quartile for risk-adjusted returns over a three year period<sup>1</sup>
- ✓ Achieved a 'Gold' rating<sup>2</sup> from SuperRatings for the third year in a row, and a Rising Star nomination for the second year in a row
- ✓ Achieved our highest ever levels of member satisfaction in the FEAL Net Promoter Score survey in February 2015
- ✓ Simplified the Plan through the closure of Division 8, and consolidated multiple accounts for the benefit of members
- ✓ Marked a full year of our financial advice offer to you
- ✓ Introduced a new, easy-to-read member statement format
- ✓ Introduced weekly switching of investment options and weekly credited interest rates
- ✓ Connected with more than 850 members via our face-to-face seminar program and pop-up information booths
- ✓ Welcomed more than 430 new members from Australian air Express
- ✓ Ran a member survey to find out what super means to you
- ✓ Streamlined the way you identify yourself on a call to the Qantas Super Helpline so you get through more quickly
- ✓ Introduced a range of travel discounts for Qantas Super members
- ✓ Delivered an additional \$35.4 million in net benefits to members through implementation efficiencies such as our renowned centralised portfolio management approach

<sup>1</sup> Growth has the same investment profile as Growth Choice and Growth Essentials.

<sup>2</sup> As rated by ratings agency, SuperRatings.

## Key achievements in 2014/2015 (continued)

### Achieved a 'Gold' rating from SuperRatings in 2015, and named a Rising Star Award finalist!

Qantas Super achieved its **third** consecutive Gold Rating from the ratings agency SuperRatings. SuperRatings has again recognised Qantas Super as a "good value for money" super fund.

SuperRatings also nominated Qantas Super for the **Rising Star Award for 2015** in recognition of the enhancements that have been made to the Plan including scaled financial advice, the upgrade to the website capabilities and the increasing reach of the member seminar program.



### Achieved a solid investment performance



Our commitment to our members is to achieve a long-term net risk-adjusted return, and we've achieved it again.

During the 2014/2015 financial year, our Growth<sup>1</sup> option delivered a solid risk-adjusted return of 7.47%. For the full returns, please see page 34.

In addition, this option rated in the top quartile for risk-adjusted returns over a three year period (as rated by independent ratings organisation, SuperRatings).

Note that we don't aim to be the highest performing fund year to year – we aim to meet or exceed our objectives which are risk-adjusted to provide a smoother path over the long term.

We're pleased to report that, as at 30 June 2015, each of our investment options **outperformed** its investment objective over its specified time horizon (except for the Cash option which was marginally lower due to the current low yielding environment). For information on those horizons, please visit the website and look up investment options.

<sup>1</sup> The Growth Option has the same investment profile as Growth Choice and Growth Essentials.

### Achieved best ever FEAL Net Promoter Score (NPS)



Qantas Super has been participating in the FEAL NPS survey since 2010. In this survey, 500 of our members are contacted and asked key questions about responsiveness, customer service, financial returns and the clarity of information provided.

The good news is that in the February 2015 survey, Qantas Super received its best score ever!

We moved up 15 points from the last survey in June 2014, and a substantial 43 points higher than our lowest score – which is a significant improvement and a testament to the effort going into improving the member experience.

During the survey, members are invited to provide a comment on their experience with the fund. Comment highlights included:

"Really good website, I can access everything on where I am"

"They have served me well over the years, good returns and good communication"

"They were fabulous with my transition to retirement. I wouldn't think of moving. Very, very good."

The Fund Executives Association Ltd (FEAL) is an industry organisation which supports professional development of leaders in the superannuation industry. The Net Promoter Score (NPS) is used by FEAL to measure member satisfaction.



## Simplified Qantas Super through the closure of Division 8 and consolidation of multiple accounts

We closed our retained division (Division 8) on 30 June 2015 as we continued to streamline Qantas Super. Gateway has now replaced Division 8 as the retained division for Qantas Super members\* who cease employment with the Qantas Group or choose to have their employer contributions made to a different fund (choice of fund) – and, in both instances, leave some or all of their super with Qantas Super. Gateway is a cost-effective, contemporary superannuation product with flexible insurance options, offering ongoing annual administration fees that are lower than Division 8. Retained members will also benefit from all future product developments planned

for the Gateway division, including the ability to choose multiple investment options at the same time – and an enhanced solution for transition to retirement, and retirement, for members aged 55 and over.

We also simplified the complexity of the Plan by consolidating multiple member accounts. Over time, due to changes in employment categories or legislative requirements, a number of members have ended up with more than one account in Qantas Super. To ensure members aren't paying two sets of fees or receiving double sets of communications from us, we have rectified this unintentional duplication where appropriate.

\* For Division 15 members, this change will apply to members who cease employment with the Qantas Group. The change will not apply to Division 15 members who exercise choice of fund.

## Marked a full year of our financial advice offer to you

As a Qantas Super member, you can now access a range of financial advice services, provided by independent licensed financial advisers who know Qantas Super, either over the phone or face-to-face.

An independent licensed financial adviser can help you with wealth building strategies, effectively transitioning to retirement, managing your money if you're moving overseas or about to receive a payment due to suffering from total and permanent disablement or a terminal illness, or help you if you're about to receive a redundancy payment.

In the first year of our advice offer, almost 190 members across Sydney, Brisbane, Melbourne, Perth and Adelaide, have had sessions with an independent, licensed financial adviser through Qantas Super.



## Key achievements in 2014/2015 (continued)

### Introduced a new, easy to read annual member statement

In 2014 we introduced a new, easy to read member statement with a summary front page enabling you to see your super position at a glance.

The inside pages provide a detailed overview of your investment choice, insurance cover and any beneficiary nomination you may have in place. In 2016, we are planning to introduce a retirement income projection to the statement for members in Gateway so you can see how you're tracking against your retirement goals.



### Introduced the capability of changing your investment option weekly



From 1 July 2014, we began processing investment changes weekly, rather than monthly. We're also now calculating and publishing credited interest rates on our website weekly – again, previously this was monthly. We were able to achieve these changes as a result of our 2013/2014 move to the new administrator, Mercer. (The administrator looks after Qantas Super's "back-end" responsibilities, including processing transactions such as changes to investment options, additional contributions to super, and beneficiary nominations.)

You can change your investment option by logging into your account online, or by completing the relevant form from our website, [www.qantassuper.com.au](http://www.qantassuper.com.au). There are no fees for changing investment options. More investment flexibility enhancements are planned for the 2016 financial year.

### Held seminars across Australia

We connected with more than 850 members in Sydney, Perth, Brisbane and Melbourne via our face-to-face seminar program and pop-up booths. These seminars were designed to help members considering taking a redundancy, those exploring retirement options and those who simply want to know how to grow their super. Feedback gathered from members has been excellent.

Said one member:

"I loved it. It was timely, it was informative, yes please keep running them!"



You are invited to a free seminar  
**planning the retirement you want**



## Ran the 'What super means to me' member survey!

In September 2014, we conducted a survey to find out what super means to you.

More than 260 people participated in the survey, giving us a good insight into what people think about superannuation. For example, we learnt that – for people who responded – the most important product feature in super is 'Investment returns', followed by 'Fees' and then 'Choice of investment options'.

In terms of customer service, people said the most important feature was 'An easy-to-use website', followed by 'Information when I need it'.

We also asked people to rate their satisfaction levels with the Qantas Super product and customer service features. 'An easy-to-use website' topped the list with a rating of 85% satisfied to very satisfied, followed by 'Information when I need it' (73%), 'Investment returns' (71%), and 'Choice of investment options' (70%).

We also asked for your thoughts about Qantas Super, and received comments on a range of topics, including some issues that can be easily addressed.

### Here are some comments:

- "I hadn't actually thought about how Qantas Super supports me as an employee and what things I have access to – you've now made me think more proactively about super and I will have a look at the website again for more information."
- "I wasn't aware that there were so many services I could access with Qantas Super – I'm now aware and will certainly keep myself better informed."
- "I phoned recently about super to retirement – was impressed by the knowledge of people I spoke to."
- "Visits to ports give staff opportunity to ask questions and meet with reps."

As part of the survey promotion, we asked for responses to the question "In 25 words or less, please tell us what super means to you without using the word 'super'" for an opportunity to win a \$200 Coles/Myer gift card. We received some great responses, but the winners were judged by a panel as being the most original and creative.

### The winners were:

- Peter Hartmann, Flight Ops Systems Flight Crew (see below)
- James Hardy, Flight attendant
- Leisa Winmill, Customer Service, QantasLink
- Emma Grose, Flight attendant
- Jean Dalton, former Qantas Group employee

So Peter, what did you buy with your \$200 gift card?

"I went to Myer and purchased a Ben Sherman Polo, a pair of Mossimo boat shoes, and a pair of especially masculine pink shorts."

There was a little left over so I, very romantically, purchased my girlfriend her foundation make-up so she wouldn't feel left out!"



## Key achievements in 2014/2015 (continued)



### Welcomed Australian air Express employees as new members!

In November 2014, we welcomed more than 430 members to Qantas Super.

These new members are Australian air Express (AaE) employees whose defined benefit entitlements transferred from their previous fund, Australia Post Superannuation Scheme (APSS), following the Qantas Group's acquisition of Australia Post's interest in AaE in 2012.

Qantas Super was selected as the fund for these employees and Division 15 has been set up within Qantas Super specifically for this group.



### Streamlined the Helpline process so you can make quicker calls!

We introduced a faster way to identify yourself when you call the Qantas Super Helpline on 1300 362 967. Now, when you call the Helpline and verify yourself through the normal identification process, you'll be offered a four digit access code to use for future calls. (This is different to the four digit PIN you use on the website). Entering your staff number and then the access code when you ring the Helpline means you'll have automatically identified yourself to the Helpline team, and you'll get to the point of your call more quickly.



You can now make quicker calls...



### Continued to deliver savings through our centralised portfolio management approach and other operational efficiencies

In recent annual reports, we've noted our costs of investing have been reduced by using a centralised portfolio management (CPM) structure to manage Qantas Super's Australian and global equities.

This approach, together with other implementation efficiency initiatives, has continued to deliver significant net benefits to members. These totalled \$35.4 million in 2014/2015, which is equivalent to 56.2 basis points (0.562%) for members of the Growth option, and \$21.2 million per annum since CPM was first introduced on 1 August 2012. We believe our implementation efficiency initiatives should deliver at least 25 basis points (0.25%) per annum in sustainable net benefits to members.



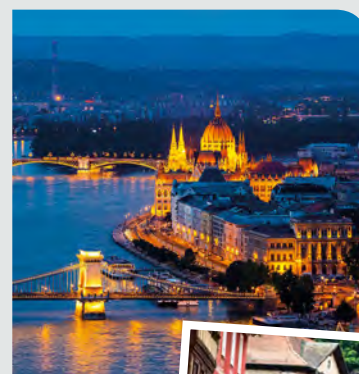
### Launched new cruise and tour discounts for members

We worked with multi award-winning luxury cruise and tour operator, APT, and premium sister company, Travelmarvel, to offer Qantas Super members a discount across their diverse range of river cruises, ocean cruises and land journeys.

This discount is valid across all destinations, but is only applicable to the cruise/tour portion of a booking.

#### Hot travel deals

Members can also access a range of special travel discounts (including a two for one offer) by logging on to the Qantas Super website and clicking the Travel offer icon.



## What Bonnie thinks about super

As the Administration Coordinator at the Sydney Domestic Terminal, Bonnie Cole sees hundreds of cabin crew and tech crew every week.

Although she's years away from retirement, Bonnie has become a superannuation crusader since Qantas Super launched its pop-up information booths, which are now held on a regular basis.

"When Qantas Super starting holding the pop-up information booths at the terminal, I found them extremely informative and beneficial. There were so many things I didn't know, like the fact we have insurance through our super, and we can access services such as Best Doctors and financial advice."

"Like many of us, I never got around to opening the newsletters and other mail that Qantas Super sent to me at home, and I never checked my account online. When you're working full-time, and you have kids, and so many responsibilities, it's hard to get around to it. So being able to meet with someone face to face was a really great benefit. And the crew who have visited the booth have raved about it – they've told me they think it's an excellent idea."

Bonnie also met with the financial adviser through Qantas Super, Michael Pearce, for a financial advice session.

"Michael explained super, and it made such a difference to me. He gave me tips which I've found really useful, and I've put in place a couple of strategies as a result of that conversation," she said.

Although retirement isn't top of mind, she does have some sketchy plans about how she wants to spend it – and like many Qantas Super members, travel tops the list.

"I want to visit all the tropical islands. My dream is to go to Bora Bora. I'd love to see more of Europe, particularly Italy, which is one of our favourite places, and Belgium where my grandfather is from. I'd also like to drive Route 66 across America, which would be particularly fun as my husband Brad is a singer."

For now, Bonnie and her family will enjoy their local beach in Sydney's Sutherland Shire, and plan how they'll prepare for retirement.



“...being able to meet with someone face to face was a really great benefit. And the crew who have visited the booth have raved about it – they think it’s an excellent idea.”

## Other changes

The following table sets out other changes throughout 2014/2015. We shared this information with you via *Super Update*, direct letter or in our News section at [www.qantassuper.com.au](http://www.qantassuper.com.au).

Date communicated to members	Applicable to...	Changes	Detail
July 2014	Divisions 3A, 5, 6, 7, 8, 10 and Gateway	We reduced the APRA fee for 2014/2015	We reduced the APRA <sup>1</sup> fee for 2014/2015. APRA, the government body responsible for supervising the superannuation industry, collects a compulsory levy from all super funds to fund the costs of its supervision. To cover the cost of this levy, an APRA fee is deducted as part of the administration costs for each Qantas Super division. For 2014/2015 we reduced the APRA fee component of your administration fee (where applicable) to 0.02% <sup>2</sup> of your account balance (previously 0.03% of your account balance). You'll see this reflected in your 2014/2015 annual statement.
August 2014	Divisions 1, 2 (certain members), 4 and 12	Introduction of member investment choice	From September 2014, members in these divisions now have access to member investment choice for certain accumulation accounts.
August 2014	Divisions 1, 2, 4, and 12	Important changes to insurance for defined benefit divisions	Effective 1 September 2014: <ul style="list-style-type: none"> <li>■ MLC Limited (Insurer) appointed to provide your insurance benefits in Qantas Super</li> <li>■ New definitions to apply for total and permanent disablement (TPD) and disability benefits</li> <li>■ Pre-existing medical conditions no longer apply to your standard insurance benefits</li> <li>■ Other new conditions and features for your insurance are being introduced</li> </ul>
September 2014	Divisions 6, 7, 8, 9, 14, and Gateway <sup>3</sup>	Administration fee rebate	We conducted a review of costs and expenses involved in running the fund in 2013/2014, and identified some savings. We determined that, in this instance, we'll pass these savings back to those members who pay a full administration fee in the form of a \$30 rebate. If you were eligible for the rebate, it was credited to your account.

Date communicated to members	Applicable to...	Changes	Detail
December 2014	Divisions 1, 2, 3, 4, 12 and 15	Change to the way defined benefit assets are invested	Qantas Super's defined benefit liabilities continue to be fully funded. Over the last three years, a significant buffer has been achieved on top of this funding level which means the value of Qantas Super's defined benefit assets are currently more than adequate to pay all defined benefits for its members. In order to lock-in the strong investment gains made over the last three years for defined benefit assets, we implemented a reduction in the exposure to growth assets, such as Australian and Global shares. This de-risking of defined benefit assets will help to ensure a smoother path of returns and provide protection against volatile times in the investment markets. This approach supports the ongoing funding of all future defined benefit member payments.
December 2014	All members	Federal Government changes	<ul style="list-style-type: none"> <li>■ Proposed abolition of the Low Income Superannuation Contribution from 1 July 2017<sup>4</sup></li> <li>■ Proposed re-phasing the Superannuation Guarantee (SG) increase<sup>4</sup></li> <li>■ New deeming rules for pensions from 1 January 2015.</li> </ul>
May 2015	All members	Increases to fees and premiums	Notice of an increase to administration fees for some divisions and increase in premiums for Voluntary Cover and Income Protection premiums from 1 July 2015. There was no change to the premiums for death and total and permanent disablement (TPD) in Standard Cover or Basic Cover. Qantas Super does not profit from its members. Premiums directly reflect the costs of providing insurance. We've worked closely with the insurer to make the increase to income protection as measured as possible. Though there's been extreme pressure on premiums for some time, this is the first increase in income protection premiums in two years, and in that time, the insurance market has changed significantly.

<sup>1</sup> APRA is the Australian Prudential Regulatory Authority.

<sup>2</sup> The rate of 0.02% pa may change over time. We will notify you of any changes as required by law.

<sup>3</sup> Rebate provided to members who paid administration fees.

<sup>4</sup> In September 2015, legislation was passed by the Federal Government to:

- Confirm that the Low Income Superannuation Contributions (LISC) will be payable in respect of concessional contributions made up and including the 2016/2017 year only and will be abolished after this date\*; and
- Change the increase in minimum SG contributions, which is now scheduled to remain at 9.5% until 30 June 2021 and then will gradually increase to 12% by 1 July 2025.

\* At date of publication, this was under review.



# Your Board of Directors

## as at 30 June 2015

### Company-appointed Directors



**Anne Ward**

- Chair of Qantas Superannuation Limited Board
- Member of Investment Committee
- Member of Remuneration Committee

Anne joined the Qantas Super Board on 2 April 2004, and was appointed Chair the following year.

She is a professional company director with extensive experience in the financial services sector, spanning banking, insurance, wealth management, superannuation and investments.

She is a Non-Executive Director and Chair of Colonial First State Investments Limited, Colonial Mutual Superannuation Pty Ltd and Avanteos Investments Limited. She is a Board Member of the ASX-listed FlexiGroup Ltd<sup>1</sup> and MYOB Group Ltd, and Chairman of the Zoological Parks and Gardens Board in Victoria.

Anne is currently a member of the Council at RMIT University, the Chair of the Centre for Investor Education, a Director of the Foundation for Imaging Research, and a Governor of the Howard Florey Neuroscience Institutes.

Prior to becoming a professional director, Anne was a commercial lawyer for 28 years and was General Counsel for Australia at the National Australia Bank. She holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne.

Anne is admitted as a barrister and solicitor in the Supreme Court of Victoria, and is a Fellow of the Australian Institute of Company Directors.

<sup>1</sup> Anne resigned from FlexiGroup Ltd on 10 August 2015.



**Paul Costello**

- Chair of Investment Committee
- Member of Member Services Committee
- Member of Remuneration Committee

Paul Costello was appointed to the Qantas Super Board on 26 May 2014.

Paul has extensive experience in investments, governance, operations and superannuation policy.

He is currently a Non-Executive Director of AIA Australia Pty Ltd, a member of the RBA Payments System Board, a member of the International Advisory Council of the China Investment Corporation, and Chairman of the QIC Global Infrastructure Investment Committee. Until recently, Paul was Chairman of the Blackstone Group in Australia and New Zealand.

Between 2011 and 2012, he was an advisor to the Federal Government in the role of Associate Commissioner for the Productivity Commission review into default superannuation and Chair of the peak Consultative Group for the implementation of Stronger Super.

Prior to that role, he was the inaugural Managing Director of the Future Fund and the first CEO of the New Zealand Superannuation Fund.

Paul holds a Bachelor of Arts in Business Administration from Canterbury University in New Zealand. He also has a Graduate Diploma in Business Administration from Massey University, New Zealand.



### Cecilia Ho

#### Treasurer Risk Management

Cecilia joined Qantas in 2007 and was appointed to the Qantas Super Board on 28 January 2015.

She has over 15 years' experience in Treasury-related roles.

Cecilia is currently Treasurer Risk Management of Qantas Airways Limited and, as such, is responsible for the financial risk management for Qantas Group. This includes management of the A\$4bn-plus p.a. exposure to jet fuels price risk, foreign currency risk including Qantas Airway's US\$9bn committed capital expenditure program and its operating revenues earned in more than 80 countries, interest rate risk on the Qantas A\$7bn of balance sheet debt and A\$4bn of off-balance sheet operating leases, as well as a cash balance and liquidity of more than A\$3bn.

She has also been a member of Qantas Airways' US Pension Plan Investment Committee since June 2008.

Prior to joining Qantas, Cecilia was Treasury Dealer for Western Power.

Cecilia holds a Bachelor of Commerce, a Bachelor of Science, a Graduate Diploma of Applied Finance and Investment, and is currently completing a Master of Business Administration (MBA).



### Andrew Monaghan

#### Executive Manager Group Audit & Risk<sup>1</sup>

##### ■ Member of Audit & Risk Committee

Andrew Monaghan joined Qantas in 2005 and was appointed to the Qantas Super Board on 26 November 2014.

He is the Executive Manager Group Audit & Risk, and is responsible for providing assurance to the Qantas Board Audit Committee on the management of risk, corporate governance and controls across the Qantas Group.

Andrew started at Qantas in the role of Airport Manager and has held several positions across the Group in portfolio areas including strategy, operations, services, transformation, property, HR and finance.

He most recently held the role of Executive Manager Shared Services and Program Director for the Finance Transformation program.

Prior to joining Qantas, Andrew held a range of senior roles with Lincoln Electric including serving as a Director of the Trustee of the Lincoln Electric Superannuation Plan.

Andrew holds a Bachelor of Engineering.

<sup>1</sup> Andrew's title changed to Executive Manager Employee Relations post 1 July 2015.



### Russell Macfarlane

#### Executive Manager Group Finance

- Chair of Audit & Risk Committee
- Member of Investment Committee
- Member of Insurance Committee

Russell joined the Qantas Super Board on 7 June 2012.

Russell is the Executive Manager Group Finance for the Qantas Group, and is responsible for Group Planning and Capital Management, Group Financial Reporting and Group Taxation.

He is also responsible for the oversight of the Group's Finance policies, and evaluating and influencing all future financial reporting developments, and acts as the senior accounting technical advisor to the Group.

Prior to joining Qantas in 2009, Russell held senior finance roles in Aviva plc in London and in the PricewaterhouseCoopers audit practice.

Russell holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants of Australia.

## Your Board of Directors (continued)

### Member-elected Directors



**Mark Thorpe**

First Officer (Group A)

- Chair of Insurance Committee
- Member of Investment Committee

Mark was elected to the Qantas Super Board on 12 June 2008.

He is a First Officer on the Airbus 330 and has been a pilot with Qantas since 1999.

Prior to becoming a pilot, Mark was an Actuary and worked with Towers Perrin as a superannuation consultant. He has more than 20 years' experience in various roles in the superannuation industry.

Mark holds a Bachelor of Economics, is a Fellow of the Institute of Actuaries of Australia, and is a Fellow of the Australian Institute of Company Directors.



**Craig Pagden**

Long Haul Flight Attendant (Group B)

- Member of Audit & Risk Committee
- Member of Member Services Committee

Craig was elected to the Qantas Super Board on 5 September 2008.

He has been a long haul flight attendant with Qantas Airways since 1989.

Prior to joining the airline, Craig was a detective sergeant with the Australian Federal Police where he specialised in the areas of narcotics, organised crime and major fraud.

Craig is a graduate of the Australian Institute of Company Directors. He holds a Diploma of Financial Services (Financial Planning), Advanced Diploma of Risk Management, a Diploma of Business Management, and a Diploma of Project Management.



**John Sipek**

Aircraft Maintenance Engineer (Group C)

- Member of Audit & Risk Committee
- Member of Member Services Committee

John was elected<sup>1</sup> to the Qantas Super Board on 12 August 2004.

He is an Aircraft Maintenance Engineer in Battery Section Melbourne. John is a senior union delegate with the Aircraft Workers' Union and a Justice of the Peace in Victoria.

John is a Councillor of Moonee Valley City Council, serving as Mayor from 2010 to 2011. He is also a former Victorian Multicultural Commissioner.

Currently he is the Chair of the Waterfab Corporation, the Deputy Chair of ISIS Primary Care Pty Ltd, and is a long-time member of the Australian Institute of Company Directors.

He is a member of the Victorian Electrical Line Clearance Consultative Committee, a member of the Committee – Australian Croatian Community Services, and a member of the Jemena Stakeholder Committee.

John holds an Advanced Diploma of Business Management, and is studying for his Masters of Business Administration.

<sup>1</sup> John was reappointed as Group C Member-elected Director on 22 August 2015.



### Kash Gillies

Senior Leading Aircraft Mechanical Engineer (Group D)

- Chair of Member Services Committee
- Member of Investment Committee

Kash was elected to the Qantas Super Board on 21 October 2002.

He is a Senior Leading Aircraft Mechanical Engineer at Sydney Terminal and a B737 series PCT instructor. He is licensed in the Mechanical Category on B737 and B767 (GE and RR) series aircraft.

Kash has been a member of the Investment Committee since October 2003. He maintains his lifelong passion for investing and capital markets by regularly attending seminars and educational forums.

Kash holds a Bachelor of Business (Accounting Major) from Charles Sturt University.



### Greg Manning

Group Treasurer (Group E)

- Chair of Remuneration Committee
- Member of Investment Committee
- Member of Audit & Risk Committee

Greg was elected to the Qantas Super Board on 3 June 2010.

Greg has more than 20 years' experience in accounting and treasury-related roles, and is currently Group Treasurer of Qantas Airways Limited. As Group Treasurer, Greg is responsible for risk management, funding and insurance for the airline. This includes overall management of the A\$4bn-plus p.a. exposure to jet fuels price risk, foreign currency risk including Qantas Airway's US\$9bn committed capital expenditure program and its operating revenues earned in more than 80 countries, interest rate risk on the Qantas A\$7bn of balance sheet debt and A\$4bn of off-balance sheet operating leases, as well as a cash balance and liquidity of more than A\$3bn.

Greg's financing experience includes structured asset finance, US bond issuance, syndicated bank markets, export credit agency financing and secured commercial debt.

Prior to joining Qantas, Greg worked in treasury and accounting roles at Goodman Fielder Limited, UBS Australia and Westpac Banking Corporation.

Greg is a Certified Practising Accountant.

# Corporate governance

The Qantas Super Board is committed to sound corporate governance practices and adhering to relevant regulations set by the Australian Prudential Regulation Authority (APRA). The Board has adopted a charter that incorporates the objectives and key requirements of APRA's Prudential Standard SPS 510, Governance, and APRA's Prudential Practice Guide PPG 510.

The Qantas Super Board schedules six formal meetings a year, but meets more frequently if required. In 2014/2015, the Board met nine times (including three circular resolutions). The Board's purpose is to:

- Approve the strategic plan and annual business plan;
- Provide strategic guidance to the management of Qantas Super;
- Take ultimate responsibility for the sound and prudent management of the business operations of Qantas Super;
- Select and evaluate the performance of the Chief Executive Officer; and
- Provide oversight of management.

Directors who are Qantas Group employees are not remunerated by QSL or the Qantas Group for their duties as directors of QSL.

## Board Committees

*as at 30 June 2015*

In addition, the Board has put in place standing committees (and ad hoc committees for specific matters). These are designed to help the Directors manage the Board's functions and responsibilities. Board members are appointed to various committees depending upon their skills and experience, backgrounds, and the need for diversity of views.

Each committee has at least one Company-appointed Director, and at least one Member-elected Director.



### Investment Committee

Its purpose is to:

- Guide and oversee the implementation of the Investment Governance Framework;
- Set investment objectives for the investment of the Plan assets and for each investment option;
- Formulate and give effect to investment strategies for each investment option that has regard to the whole of the Plan's circumstances and other relevant factors prescribed by the Trust Deed, relevant law and regulatory requirements; and
- Monitor the performance of each of the Plan's investment strategies to determine whether the Plan's investment objectives are being or are likely to be met.

**Members:** Paul Costello (Chair), Kash Gillies, Russell Macfarlane, Greg Manning, Jane Perry, Mark Thorpe, and Anne Ward.

### Member Services Committee

Its purpose is to:

- Guide and oversee the implementation of the member service objectives;
- Provide advice to the Board on member-related strategies;
- Provide advice to the Board on member services and product, whether this be the appropriateness of, or the enhancement of, such services and products;
- Oversee both the strategy and implementation of member communications;
- Oversee the management of the Plan's administration services to members; and
- Oversee the management of the relevant outsourced service providers.

**Members:** Kash Gillies, (Chair), Paul Costello (appointed 14 August 2014), Karen Lonergan (from 14 August 2014 to 27 November 2014), Craig Pagden, Jon Scriven (until 15 July 2014), and John Sipek.

### Audit & Risk Committee

Its purpose is to:

- Provide an objective non-management review of the effectiveness of the financial reporting and Risk Management Framework;
- Oversee the management of the tax management framework;
- Oversee APRA statutory reporting and other financial reporting requirements;
- Oversee the internal and external audit process;
- Overview compliance with all relevant statutory and regulatory obligations and requirements, policies and guidelines as well as internal policies and standards; and
- Appoint, monitor and review the internal audit function and the external auditor.

**Members:** Russell Macfarlane (appointed Chair 4 December 2014), Nicole Grantham (Chair and Committee member until 22 November 2014), Greg Manning, Andrew Monaghan (appointed 12 February 2015), Craig Pagden, and John Sipek.

## Corporate governance (continued)

### Remuneration Committee

Its purpose is to:

- Guide the development and implementation of coherent remuneration, talent and performance management policies and practices;
- Provide advice to the Board on the People Management Framework;
- Provide advice to the Board on the Remuneration Policy;
- Oversee the annual remuneration review and make recommendations to the Board; and
- Review and make recommendations to the Board on QSL objectives and KPIs relevant to the remuneration of the CEO, and then on the performance of the CEO in relation to the objectives and KPIs.

**Members:** Greg Manning (Chair), Paul Costello (appointed 14 August 2014), Jon Scriven (until 15 July 2014), and Anne Ward.

### Insurance Committee

Its purpose is to:

- Guide and oversee the implementation of the Insurance Management Framework;
- Provide advice to the Board on the operation of the Plan's insurance program;
- Provide advice to the Board on the Insurance Management Framework and Insurance Strategy; and
- Oversee the management and implementation of the Insurance Management Framework by relevant outsourced service providers.

**Members:** Mark Thorpe (appointed Chair on 4 December 2014), Russell Macfarlane (Chair until 4 December 2014), Geoff McRae (external appointee), Jane Perry, Thierry Bareau (alternate for Geoff McRae until 26 June 2015), and Jenni Baxter (alternate for Geoff McRae from 26 June 2015).

## Directors' meetings

	Qantas Superannuation Limited Board		Audit & Risk Committee <sup>1</sup>		Insurance Committee <sup>1</sup>		Investment Committee <sup>1</sup>		Member Services Committee <sup>1</sup>		Remuneration Committee <sup>1</sup>	
Directors	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>
Anne Ward	9	9	–	–	–	–	6	6	–	–	3	3
Paul Costello	9	9	–	–	–	–	6	6	4	4	3	3
Kash Gillies	9	9	–	–	–	–	6	6	4	4	–	–
Nicole Grantham <sup>3</sup>	4	4	2	2	–	–	–	–	–	–	–	–
Cecilia Ho <sup>4</sup>	4	4	–	–	–	–	–	–	–	–	–	–
Karen Lonergan <sup>5</sup>	4	4	–	–	–	–	–	–	1	1	–	–
Russell Macfarlane	9	9	5	5	8	8	6	6	–	–	–	–
Greg Manning	9	9	5	5	–	–	6	6	–	–	3	3
Andrew Monaghan <sup>6</sup>	5	5	2	2	–	–	–	–	–	–	–	–
Craig Pagden	9	9	5	5	–	–	–	–	4	4	–	–
Jon Scriven <sup>7</sup>	–	–	–	–	–	–	–	–	–	–	–	–
John Sipek	8	9	4	5	–	–	–	–	3	4	–	–
Mark Thorpe	9	9	–	–	8	8	6	6	–	–	–	–

<sup>1</sup> Directors who aren't members of a Committee are entitled to attend Committee meetings. The table above shows only the attendance of each Director where they are a member of the relevant Committee.

<sup>2</sup> The number of meetings held during the period that the Director held office (and, in respect of the Board, includes the number of Circulating Resolutions passed).

<sup>3</sup> Nicole Grantham resigned as a Director on 22 November 2014.

<sup>4</sup> Cecilia Ho was appointed as a Director by Qantas Airways Limited on 28 January 2015, replacing Karen Lonergan.

<sup>5</sup> Karen Lonergan was appointed as a Director on 17 July 2014 by Qantas Airways Limited, replacing Jon Scriven. She resigned on 27 November 2014.

<sup>6</sup> Andrew Monaghan was appointed as a Director on 26 November 2014 by Qantas Airways Limited, replacing Nicole Grantham.

<sup>7</sup> Jon Scriven resigned as a Director on 15 July 2014.

# Qantas Super Executive Office

The Executive Office, led by the Chief Executive Officer, is responsible for the management of Qantas Super.

This involves:

- overseeing the administration, investments and operations of the Plan;
- planning, developing and implementing strategy;
- developing products;
- ensuring we comply with legislative and regulatory requirements; and
- communicating with members.

## Senior Executive Team



**Jane Perry**

Chief Executive Officer

- Member since 2012

**Role:** Responsibility for the overall management of Qantas Super.

**Appointed:** 2012.

**Experience:** 30 years of business management experience in leadership positions in financial services and education.

**Previous roles:** J.P. Morgan. AXA. KPMG Management Consulting. NSW Department of Education.

**Education:** Bachelor of Arts. Bachelor of Science. Diploma of Education.

**Other:** Director of the Sydney Financial Forum. Director of the Association of Superannuation Funds Australia (ASFA) Board. Chair of the ASFA Policy Committee. Member of the ASFA Member Services Committee. Member of the Salvation Army Advisory Board. Inducted into YWCA's Academy of Women Leaders (New York).

**Previous Board positions:** National Mutual Superannuation Pty Ltd. National Mutual Staff Superannuation Plan. J.P. Morgan Nominees Australia Limited. Trustee of the Victorian Arts Centre. Member of the Australian Brandenburg Orchestra Board.



**Andrew Spence**

Chief Investment Officer

- Member since 2008

**Role:** Responsibility for the overall management of Qantas Super's investments.

**Appointed:** 2008.

**Experience:** 30 years in all aspects of professional money management with leadership roles in investment management and investment consulting.

**Previous roles:** Towers Watson. Credit Suisse Asset Management.

**Education:** Bachelor of Science (Honours) in Accounting and Finance.

**Other:** Member of The University of Sydney Investment & Commercialisation Committee. Member of the Economics and Investment Policy Council for the Association of Superannuation Funds of Australia (ASFA).



**Hugh Loughrey**

Head of Legal, Risk & Compliance

- Member since 2011

**Role:** Responsibility for the provision of legal, risk management and compliance services to Qantas Super.

**Appointed:** 2011.

**Experience:** 20 years' wealth management experience in Australia and overseas in a range of senior legal and risk management roles.

**Previous roles:** BT Financial Group. William M Mercer.

**Education:** Bachelor of Civil Law.

**Other:** Admitted to practice law in New South Wales, England and Wales, and Ireland. Member of the New South Wales Law Society Corporate Lawyers Committee.



**Dimity MacDonald**

Head of Member Services

■ Member since 2012

**Role:** Responsibility for all aspects of the member experience.

**Appointed:** 2012.

**Experience:** 25 years' experience in communications, marketing and change management with senior roles in superannuation, insurance and banking.

**Previous roles:** J.P. Morgan. AXA. IAG. Qantas Airways Ltd. Caltex Australia.

**Education:** Bachelor of English Literature (Honours).



**Peter Savage**

Chief Operations Officer

■ Member since 2009

**Role:** Responsibility for all operational aspects of Qantas Super including member and investment operations.

**Appointed:** 2009.

**Experience:** 15 years in financial services.

**Previous roles:** J.P. Morgan. Chase Manhattan Bank. Mercantile Mutual.

**Education:** Bachelor of Business (Banking and Finance), and a Master of Business Administration (Information Technology).



**Andy Moser**

Finance Manager

■ Member since 2013

**Role:** Responsibility for all financial matters of Qantas Super.

**Experience:** Seven years' experience in financial services, with particular focus on internal and external audit service roles.

**Previous roles:** KPMG Sydney. Austrian Consulate General (Sydney).

**Education:** Masters of Professional Accounting. Masters of Business Administration. Member Institute of Chartered Accountants Australia.



**Neil Simpson**

Company Secretary

■ Member since 2014

**Role:** Responsibility for all company secretarial activities.

**Appointed:** 2014.

**Experience:** 20 years of combined company secretarial, corporate governance and compliance experience.

**Previous roles:** Lend Lease (including the Lend Lease Super Fund), MLC/ NAB and Mirvac.

**Education:** Bachelor of Business, Diploma in Applied Corporate Governance, Member of the Governance Institute of Australia, Chartered Secretary.



## Interesting facts in 2014/2015

as at 30 June 2015



**32,625**  
members



**60%** male  
**40%** female



Contributions  
received: Almost  
**\$425.1 million**



Rollovers into  
Qantas Super: Almost  
**1,900**



**33,727**  
phone calls to the  
Qantas Super Helpline



Provided an email  
address: **88%**



Nominated a  
beneficiary: **75%**



Visits to the secure  
member website:  
Almost  
**293,000**



Advised us of TFN:  
**99.9%**

# Investments

We continue to deliver solid investment performance. Our investment performance is guided by a strong set of investment beliefs, executed as cost efficiently as possible.

## Our investment mission and beliefs

This financial year we reviewed our Investment Mission for the management of Qantas Super's assets. Our investment mission is:

To provide a range of well-structured, high quality investment options that enable members to achieve a long-term, net risk-adjusted return in line with their retirement needs.



To achieve our investment mission, the following investment beliefs were formulated in our latest Strategic Investment Review. These guiding beliefs are summarised below:

- There is a positive relationship between investment governance and performance.
- Appropriate diversification of risk premia is critical to enhancing the probability of achieving Qantas Super's stated investment objectives.
- Market risk exposures are the most important drivers of portfolio outcomes. However, risk is multi-dimensional and a holistic view of all risks is required to manage portfolios effectively.
- Markets deviate from long-term fair value and it is possible to selectively identify and exploit these fluctuations for the benefit of members.
- Investment strategy is the responsibility of Qantas Super and investment management and implementation is best performed by high quality, 'fit for purpose' service providers selected by Qantas Super.
- Markets are typically inefficient over the short to medium-term and some skilled investment managers can exploit these inefficiencies to add value after investment expenses.
- The effective management of investment expenses such as fees, taxes and transaction costs delivers meaningful benefits to our members.
- Environmental, social and governance factors can impact investment risks, returns and reputation and contribute to Qantas Super delivering sustainable growth for the benefit of Members.

Every year, we review our strategic investment objectives to make sure they remain appropriate for all members. In 2015 the review of objectives included return targets, likelihood of achieving returns, investment horizons, and illiquidity risk. This strategic investment review was conducted with the assistance of Mercer, Qantas Super's investment advisor.

We believe that implementation efficiencies can deliver members meaningful benefits by ensuring our investments are made and implemented as cost efficiently as possible.



## Investments (continued)

Our investments have also been reviewed on an ongoing basis to make sure they remain appropriate and contribute to helping meet the specific investment objectives of each option. A summary of our investments across asset classes is presented in the table below.

Implementation efficiencies have delivered net benefits of \$35.4 million to members over the last 12 months.

		30 June 2015 (\$ million)	30 June 2014 (\$ million)	Change (\$ million)
Return seeking assets	<b>Equities</b>			
	Australian equities	1,184.6	1,345.1	-160.5
	Global equities	1,592.3	1,684.1	-91.8
	Private equity	376.0	293.3	82.8
	<i>Total equities</i>	<i>3,152.9</i>	<i>3,322.5</i>	<i>-169.6</i>
	<b>Return seeking alternatives</b>			
	Credit	245.0	334.4	-89.4
	Diversity	553.6	474.9	78.6
	Infrastructure	346.7	283.7	63.0
	Property	315.7	313.2	2.5
	<i>Total return seeking alternatives</i>	<i>1,461.0</i>	<i>1,406.2</i>	<i>54.8</i>
Risk controlling assets	<b>Risk diversifying alternatives</b>			
	Credit	395.2	308.1	87.1
	Diversity	193.3	193.7	-0.4
	<i>Total risk diversifying alternatives</i>	<i>588.5</i>	<i>501.8</i>	<i>86.7</i>
	Fixed interest	1,316.8	1,205.9	110.9
	Cash	496.5	428.0	68.6
	<b>Total assets*</b>	<b>7,015.8</b>	<b>6,864.4</b>	<b>151.4</b>

**Please note:** The 'Total assets' figure (\* in above table) and the 'Net assets to pay benefits' figure (on page 36) are different for the following reason. The basis of valuation for actual asset allocation purposes is Gross Market Value. The basis of valuation for total managed investment portfolios and the audited abridged financial statements (page 36) is Net Market Value. You can see the asset allocation for each Member Investment Choice option (as at 30 June 2015) by visiting [www.qantassuper.com.au](http://www.qantassuper.com.au)

## About the Member Investment Choice options

as at 30 June 2015

The Member Investment Choice (MIC) options are invested in different asset classes, which are generally divided into two types: return seeking assets and risk controlling assets.

### Return seeking assets

Are growth investments that are expected to deliver higher returns over time, but whose return may be more variable from year to year. Return seeking assets include Australian and global equities and private equity.

- **Equities or shares** – Equities or shares represent a share of the ownership of companies. Their return is derived from dividends paid to shareholders from company profits, and from changes to the share price.
- **Return seeking alternatives** – There are a range of other return seeking assets used by the Plan, including unlisted infrastructure, hedge funds, unlisted property and credit. These are specialist asset classes. Their returns are derived from a combination of dividends, distributions and interest, plus changes in price.

### Risk controlling assets

Are investments that are expected to provide lower and more stable investment returns, and diversification benefits when combined with return seeking assets.

- **Risk diversifying alternatives** – These may include investment grade credit and diversified hedge funds.

- **Fixed interest** – Fixed interest investments or bonds are issued by public organisations and companies. Each bond will normally have a fixed or floating rate, make interest payments, and the original capital is repaid at the end of the bond term. Because bonds can be traded, their market value will vary throughout the term of the bond. Bonds are available in Australia and overseas.
- **Cash** – Some cash investments may be placed with financial institutions, who pay interest on these amounts. Cash investments are generally 'on-call' which means they can be accessed at any time. Term deposits may also be held.

Each of the investment options is invested in these asset classes in different proportions. Refer to the website or the 'Your investment options in detail' section in your division's Member Guide Supplement (where available) for more information.

### Investment limits

We manage investment risk in a number of ways.

- Investment management is outsourced to external investment managers. This extends to the use of derivatives. We do not directly use derivatives. Although investment managers are permitted to use futures, options, swaps and other derivative instruments, they are not permitted to use derivatives to gear the portfolio.

- To limit concentration risk to an external investment manager and to be consistent with our diversification belief, we ensure that no more than 20% of our assets by value are invested with any single investment manager. Our centralised portfolio manager, Parametric, manages approximately 90% of Qantas Super's investments in Australian and global equities. However, the centralised portfolio that Parametric manages is based on model portfolios provided by eight of our underlying investment managers. We are satisfied that the concentration of assets within the Parametric structure is appropriately diversified.
- To ensure member assets are diversified, no one single asset represents more than 5% of the assets.

Additionally, as at 30 June 2015:

- Six investment managers individually managed more than 5% of the assets; and
- We had approximately \$11.6 million (at market value) invested in QAL via the investments selected and managed by our investment managers. These investment decisions are made by our Australian equities investment managers independently of Qantas Superannuation Limited.

Note: From 1 October 2015, we changed the classification of investments. As part of the change, 'return seeking assets' are called 'growth assets', and 'risk controlling assets' are called 'defensive assets'. As a result, this is the final time we'll report on this investment structure using these naming conventions.

## Investments (continued)

### Our investment managers

We monitor the appropriateness of our investment managers in relation to our objectives and strategies on an ongoing basis.

Investment managers as at 30 June 2015	Market
<b>Australian equities</b>	
Ellerston Capital Limited*	Australian
Independent Asset Management Pty Limited*	Australian
Parametric Portfolio Associates LLC <sup>1</sup>	Australian
<b>Global equities</b>	
Black Creek Investment Management Inc*	Global
Dundas Partners LLP*	Global
Investec Professional Investment Funds PCC Limited	Emerging and Frontier
Lazard Asset Management Pacific Co*	Global
Parametric Portfolio Associates LLC <sup>1</sup>	Global
Realindex Investments Pty Ltd*	Global
Southeastern Asset Management Inc*	Global
<b>Private equity</b>	
ROC Capital Pty Limited (including QPET)	Global
<b>Return seeking alternatives (Credit)</b>	
Sankaty Advisors LLC	Global Opportunistic/ Distressed Credit
<b>Return seeking alternatives (Diversity)</b>	
K2 / D&S Management Company LLC	Global Alternatives
<b>Return seeking alternatives (Infrastructure)</b>	
Equis Funds Group Pte Ltd (QAIF Limited)	Global (Asian)
Palisade Investment Partners Ltd (Q Infrastructure Trust)	Australian
<b>Return seeking alternatives (Property)</b>	
Novion RE Limited	Property
Goodman Funds Management Australia Limited	Property
GPT Funds Management Limited	Property
Lend Lease Real Estate Investment Limited	Property
<b>Risk diversifying alternatives (Credit)</b>	
Macquarie Investment Management Limited	Australian Credit
Westbourne Credit Management Limited (Q Infrastructure Yield Trust)	Global Infrastructure Debt
<b>Risk diversifying alternatives (Diversity)</b>	
SouthPeak Investment Management Pty Limited	Global
<b>Fixed interest</b>	
Ardea Investment Management Pty Limited	Australian
BT Investment Management (RE) Limited	Australian
H20 Asset Management LLP	Global
Queensland Investment Corporation Limited	Australian
<b>Cash</b>	
Russell Investment Management Limited	Australian
<b>Overlays</b>	
Russell Investment Management Limited	Whole of Plan

<sup>1</sup> Parametric Portfolio Associates LLC ("Parametric") is Qantas Super's Centralised Portfolio Manager for Australian equities and global equities. Parametric has centralised the management of the Plan's Australian equities based on model portfolios (marked with \* above) provided by the Plan's Australian equities managers including Ellerston Capital Limited and Independent Asset Management Pty Limited. In addition, Parametric has centralised the management of the Plan's global equities based on model portfolios (marked with \* above) provided by the Plan's global equities managers including Black Creek Investment Management Inc, Dundas Partners LLP, Lazard Asset Management Pacific Co, Realindex Investments Pty Limited, and Southeastern Asset Management, Inc.

### Investment round-up

#### How we performed in 2014/2015

During the 2014/2015 financial year, our Growth<sup>1</sup> option delivered a solid risk-adjusted return of 7.47%. In addition, this option rated in the top quartile for risk-adjusted returns over a three year period (as rated by independent ratings organisation, SuperRatings).

Our Balanced and Aggressive options provided returns of 6.81% and 9.96% respectively. Our defensive investment options (Conservative and Cash) provided low single digit returns of 4.93% and 2.07% respectively, as expected in an environment where interest rates and bond yields are at record lows.

While annual returns are important, our focus remains on effectively managing investment risks to deliver strong, long term returns for you over your working life and into retirement. We don't focus on being the best performing fund year to year – we aim to meet or exceed our objectives to provide a smoother path.

Member returns over three years (11.03% per year for the Growth option) and five years (8.63% per year for the Growth option) are **all above stated return objectives**.

And, as mentioned earlier in this report, as at 30 June 2015, each of our investment options **outperformed** its investment objective over its specified time horizon. (This excludes the Cash option which was marginally lower due to the current low yielding environment).

The full returns are set out on page 34.

In addition to seeking robust long-term returns, risk management plays a critical role in defining the investment strategy of each of the Plan's investment options. For more information on the risk and return objectives of your investment options, go to pages 30 to 32.



## In detail

The 2014/2015 year was a year of modest gains for most asset classes. The Australian ASX200 was up 5.68% for the year, the US S&P500 up 5.25% and the MSCI All Countries World Index (ex-Australia, in US\$) up 1.93%. Global government bonds rose, as did corporate credit securities, as very high liquidity levels globally offset fears of upcoming US interest rate rises. Australian infrastructure and property continued to outstrip other markets.

The Australian equities market was focused on China, and as the Chinese slowdown began to be realised, exhibiting the slowest economic growth in six years, commodity prices declined markedly over the year. For example, the price of iron ore dropped from approximately \$US90/tonne in July 2014 to approximately \$US48/tonne in late March 2015. With their heavy representation in the Australian equity market, resources stocks fell and dragged the broader market with it.

In light of the continuing economic weakness across the country, the Reserve Bank of Australia moved to cut domestic interest rates from 2.5% to 2.0% during the financial year. High yielding asset classes benefited from this, including infrastructure and property. As an example, the ASX 200 A-REIT climbed 20.3%.

The decline in Australian interest rates and commodity prices, along with expectations of the US Federal Reserve raising rates contributed to a material decline in the Australian dollar, which fell by 18.6% versus the US dollar. Going forward, this currency depreciation should benefit a number of sectors in the Australian economy.

Globally, the US economy shows signs of growth, expanding at 2.3% (annualised) in the second quarter,

and the Federal Reserve is expected to begin to raise interest later this calendar year. This is in contrast to the European and Japanese central banks which implemented their own easing programs in bids to drive their currencies lower and boost their economies. This, along with interest rate cuts by more than 30 other countries, kept the global level of liquidity high and supported markets.

The other global impact on markets this year has been Greece and its possible default on its debt obligations and exit from the Eurozone. Greece and its creditors pulled back from the brink on a couple of occasions during the year, although each situation contributed to significant bond, credit and equity market volatility.

## How we performed in the longer term

Over the last 10 years, investment markets have experienced numerous headwinds, for example, the global financial crisis which commenced with the collapse of Lehman Brothers; and the European debt crisis, including the risk of a Greece exit from the Eurozone. Despite these economic and investment market headwinds, absolute investment returns over the long term have remained positive for Qantas Super members.

Over a 10 year period, Qantas Super's investment options have provided the following returns:

■ Aggressive	6.69% p.a.
■ Growth	6.21% p.a.
■ Balanced	5.96% p.a.
■ Conservative	5.16% p.a.
■ Cash	3.81% p.a.

While past performance is no guarantee of future performance, over a 10 year period, investment returns were directionally aligned with the level of investment risk or return seeking assets within the investment option. The Cash option had the lowest return while the Aggressive option (which has the highest exposure to return seeking assets) had the highest return. These long term positive returns are pleasing, especially since superannuation is a long term investment for most Qantas Super members.

## How your super is invested



In 2014/2015, most members were eligible to make an investment choice (where you can select your preferred investment strategy for your accumulation account balances).

The default option is the Growth option. In 2014/2015, changes between investment options were available on a weekly basis.

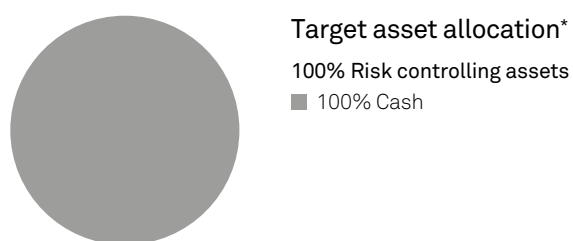
Investment choice is not available to members in Divisions 1\*, 4 or 12, or to members in Division 2\*\* with defined benefit guarantees resulting from prior membership of Australian Airlines plans. (Note that investment choice is available on certain accumulation accounts for these members.)

\* If you're a member of Division 1, you can exercise investment choice from the date you reached your normal Retirement Date for superannuation purposes.

\*\* If you're a member of Division 2 with a defined benefit guarantee, you may be eligible to make an investment choice if you choose to forego your defined benefit guarantees.

## Investments (continued)

### MIC option: Cash/Cash Choice



#### Overview

For investors who want exposure to cash and short-term money market returns. The risk of negative returns is very low. The returns are stable but usually low.

#### Investment objective

By investing in cash and the short-term money market, the **Cash/Cash Choice option** provides access to stable, but usually low, returns.

The investment option aims to:

- achieve a return equal to the UBSA Bank Bill Index, after tax and investment expenses, over a rolling one year period; and
- never achieve a negative annual return.

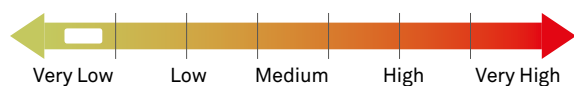
#### Minimum suggested time to invest

No minimum time applicable.

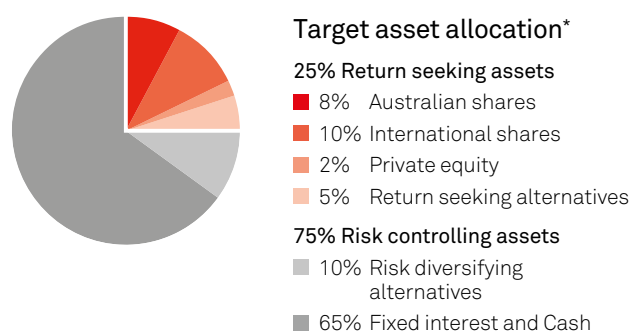
#### Risk level

The investments have a very low degree of risk.

The estimated number of negative annual returns (net of tax) over any 20 year period is 0 years.



### MIC option: Conservative/Conservative Choice



#### Overview

For investors who want stable, modest returns, with a relatively low to medium likelihood of negative returns.

#### Investment objective

A large proportion of the **Conservative/Conservative Choice option** is invested in risk controlling assets, resulting in stable, modest returns, with a relatively low likelihood of negative returns. The small allocation to return seeking assets provides some growth opportunities.

The investment option aims to:

- achieve a return that exceeds CPI by at least 3% pa over a three year period, after tax and investment fees;
- outperform the notional return on the benchmark portfolio; and
- limit the likelihood of a negative annual return to one in 20 (or 5%).

#### Minimum suggested time to invest

3 years.

#### Risk level

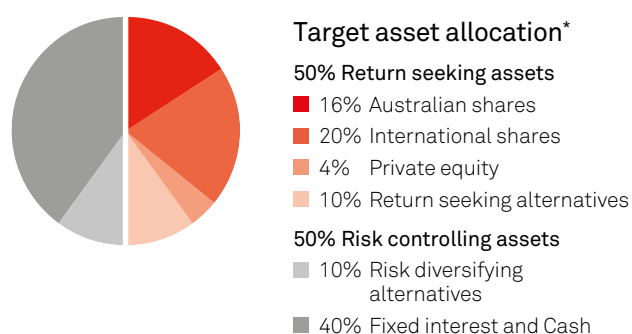
The investments have a low to medium degree of risk.

The estimated number of negative annual returns (net of tax) over any 20 year period is 1.2 years.



\* The target asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time.

## MIC option: Balanced/Balanced Choice



## Overview

For investors who want a return above CPI over a five year period, with a medium to high degree of risk.

## Investment objective

The **Balanced/Balanced Choice option** provides a mix of asset classes, combining the growth features of the return seeking assets with the stability of the risk controlling assets.

The investment option aims to:

- achieve a return that exceeds CPI by at least 3.5% pa over a five year period, after tax and investment fees;
- outperform the notional return on the benchmark portfolio; and
- limit the likelihood of a negative annual return to three in 20 (or 15%).

## Minimum suggested time to invest

5 years.

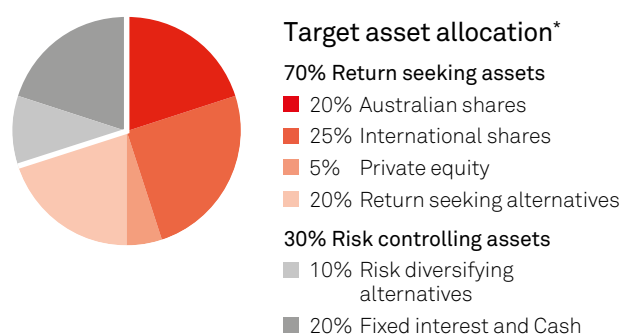
## Risk level

There may be short-term to medium-term volatility in these asset classes, as the investments have a medium degree of risk.

The estimated number of negative annual returns (net of tax) over any 20 year period is 2.8 years.



## MIC option: Growth/Growth Essentials/Growth Choice



## Overview

For investors who want a high return above CPI over a five year period, with a medium to high degree of risk.

## Investment objective

The **Growth/Growth Essentials/Growth Choice option** is dominated by return seeking assets, although a small proportion of risk controlling assets are held.

The investment option aims to:

- achieve a return that exceeds CPI by at least 4% pa over a five year period, after tax and investment fees;
- outperform the notional return on the benchmark portfolio; and
- limit the likelihood of a negative annual return to four years in every 20 years (20%).

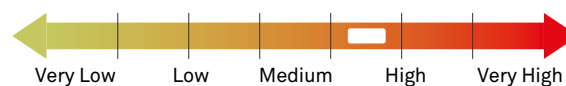
## Minimum suggested time to invest

5 years.

## Risk level

There may be short-term to medium-term volatility in these asset classes, as the investment has a medium to high degree of risk.

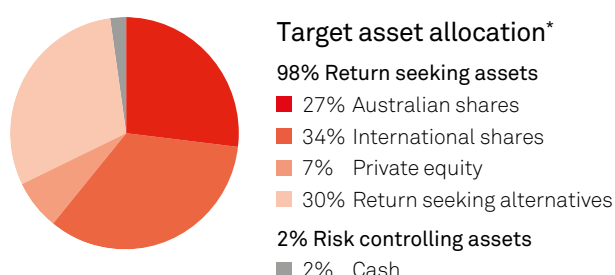
The estimated number of negative annual returns (net of tax) over any 20 year period is 3.5 years.



\* The target asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time.

## Investments (continued)

### MIC option: Aggressive/Aggressive Choice



#### Overview

For investors who want a very high return above CPI over a seven year period, with a high degree of risk.

#### Investment objective

With all of the assets invested in return seeking assets, the **Aggressive/Aggressive Choice option** is expected to provide the highest level of returns in the long term. However this portfolio has the highest level of volatility and the likelihood of negative returns in any year is the highest.

The investment option aims to:

- achieve a return that exceeds CPI by at least 4.5% pa over a seven year period, after tax and investment fees;
- outperform the notional return on the benchmark portfolio; and
- limit the likelihood of a negative annual return to five years in 20 (or 25%).

#### Minimum suggested time to invest

7 years.

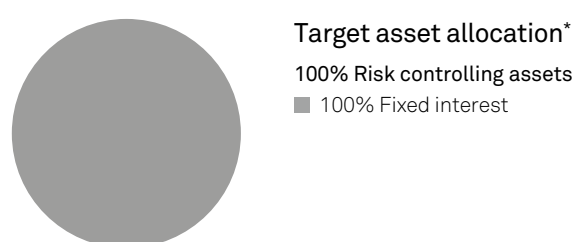
#### Risk level

There may be short-term to medium-term volatility in these asset classes, as the investment has a high degree of risk.

The estimated number of negative annual returns (net of tax) over any 20 year period is 4.2 years.



### MIC option: Term Deposit/Term Deposit Choice



#### Overview

For investors who want the short-term security of a fixed interest rate.

#### Investment objective

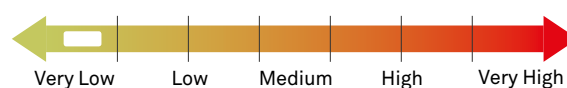
The **Term Deposit/Term Deposit Choice option** invests 100% in cash investments and has a short-term focus. It aims to provide a fixed interest rate on investments held for an agreed term.

#### Minimum suggested time to invest

Fixed for the term you select either 6 or 12 months.

#### Risk level

The investment has a very low degree of risk. The estimated number of negative annual returns (net of tax) over any 20 year period is 0 years. However, there are restrictions on early withdrawal from this investment option.



\* The target asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time.

## Investment returns

Investment returns for each investment option (except the Term Deposit option) are applied using credited interest rates (CIRs). A history of our CIRs and investment returns is available on our website.

### Credited interest rates

CIRs represent, as far as practicable, the net investment returns (net of investment tax) on the assets for each investment option, after investment fees have been deducted. CIRs can be positive or negative. The CIR for each of the investment options is determined by the Trustee at least weekly, and is published on our website.

The actual investment earnings applied to your account are based on the CIRs for the investment options you are invested in, the period of time that you were invested in the investment options, and the timing of cash flows into and out of your account. When applied to your account, annualised CIRs will be used, pro-rated on a daily basis.

### Interim credited interest rates

Where CIRs are not available, interim credited interest rates (ICIRs) determined by the Trustee are applied to your account. ICIRs may be positive or negative. The ICIRs for a period will be replaced by the final CIRs for that period once they have been calculated. The Trustee reviews the ICIRs on a regular basis and may increase or decrease the ICIRs applied to your account any time.

## Investments (continued)

### Our investment returns

The tables below set out our results for our investment options for the 2014/2015 year. The long term returns (ie 5 years, 10 years or since inception) are the investment returns at an option level. They are not the investment returns of your own investment in the applicable investment options or the Plan.

#### Returns for divisions other than Gateway, Division 9 and Division 14

These are compound average effective rates of return, net of tax and fees. Member Investment Choice (MIC) was introduced on 1 April 2005.

Option	1 year (% pa)	5 years (% pa)	10 years (% pa)	Since inception <sup>1</sup> (% pa)
Cash	2.07%	3.07%	3.81%	3.83%
Conservative	4.93%	6.04%	5.16%	5.32%
Balanced	6.81%	7.74%	5.96%	6.14%
Growth	7.47%	8.63%	6.21%	6.41%
Aggressive	9.96%	10.18%	6.69%	6.91%

<sup>1</sup> Since inception date of 1 April 2005.

Past performance is not a reliable indicator of future performance.

#### Returns for Gateway

These are compound average effective rates of return, net of tax and fees. As the Gateway division only commenced on 1 July 2013, the 5 year, 10 year and since inception returns shown are based on the returns of the corresponding investment options which have been available through other Qantas Super divisions from 1 April 2005.

Option	1 year (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception <sup>2</sup> (% p.a.)
Growth Essentials	7.47%	8.63%	6.21%	6.41%
Cash Choice	2.07%	3.07%	3.81%	3.83%
Conservative Choice	4.93%	6.04%	5.16%	5.32%
Balanced Choice	6.81%	7.74%	5.96%	6.14%
Growth Choice	7.47%	8.63%	6.21%	6.41%
Aggressive Choice	9.96%	10.18%	6.69%	6.91%

<sup>2</sup> Since inception date of 1 April 2005.

Past performance is not a reliable indicator of future performance.

#### Returns for Divisions 9 and 14

These are compound average effective rates of return, net of tax and fees.

**Division 9:** Member Investment Choice (MIC) was introduced on 1 July 2007. Prior to that date, accounts for Division 9 members were invested in the Growth option.

**Division 14:** As Division 14 only commenced on 1 December 2008, the 10 year and since inception returns shown are based on the returns of the corresponding investment options available through Division 9 from 1 July 2007.

Option	1 year (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Since inception if less than 10 years (% p.a.)
Cash	2.40%	3.62%	n/a	4.21%
Conservative	5.43%	6.98%	n/a	5.57%
Balanced	7.61%	8.88%	n/a	5.41%
Growth	8.27%	9.88%	7.15% <sup>3</sup>	n/a
Aggressive	11.44%	11.67%	n/a	4.63%

<sup>3</sup> Based on the returns of Qantas Super's Growth option from 1 July 2007 to 30 June 2015 and the return on the general assets for the period prior to 1 July 2007.

Past performance is not a reliable indicator of future performance.



## The cost of managing your investment

The investment fees for each of our MIC options are set out below.

### 2014/2015

Here are the actual base and performance fees for the year.

MIC Option	Actual base fee (% p.a.)	+	Actual performance -based fee (% p.a.)	=	Actual investment fees (% p.a.)
Cash	0.16		0.00		0.16
Conservative	0.33		0.11		0.44
Balanced	0.40		0.14		0.55
Growth	0.44		0.15		0.59
Aggressive	0.48		0.17		0.65

### 2015/2016

Here are the estimated base and performance fees for the year.

MIC Option	Estimated base fee (% p.a.)	+	Estimated performance -based fee (% p.a.)	=	Estimated investment fees (% p.a.)
<b>Glidepath</b>					
– Take-Off stage	0.51		0.00-0.15		0.51-0.66
– Altitude stage	0.48		0.00-0.15		0.48-0.63
– Cruising stage	0.46		0.00-0.14		0.46-0.60
– Destination stage	0.43		0.00-0.14		0.43-0.57
<b>Aggressive</b>	0.51		0.00-0.15		0.51-0.66
<b>Growth</b>	0.48		0.00-0.15		0.48-0.63
<b>Balanced</b>	0.43		0.00-0.14		0.43-0.57
<b>Conservative</b>	0.39		0.00-0.13		0.39-0.52
<b>Cash</b>	0.17		0.00-0.00		0.17

The investment option, Glidepath, was introduced on 1 October 2015. It has four investment stages – *Take-Off*, *Altitude*, *Cruising* and *Destination*. For more information, please visit [www.qantassuper.com.au](http://www.qantassuper.com.au)

## Notes

Investment fees represent the direct costs of investing and managing your investments and include the base investment fees and performance fees (if applicable). The credited interest rates applied to your account make allowance for the actual investment fees.

### Base management fees

Base investment fees include the direct costs charged by the external investment managers we use, the fees paid to your custodian and the Trustee's investment related costs.

### Performance-based fees

Some of Qantas Super's investment managers also receive performance fees which are calculated as a percentage of any investment performance that is achieved above an agreed threshold. Performance fees are difficult to predict because the level of any outperformance by investment managers is not known in advance. The actual performance fees incurred by Qantas Super will depend on investment performance and will differ for each MIC option.

### Divisions 1, 2, 3, 4, 12, and 15

If some or all of your super benefit is calculated using a defined benefit formula, the investment fees relating to that defined benefit component are paid out of Qantas Super's general assets and are not deducted from your benefit. If you have accumulation accounts, the investment fees relating to that component of your benefit are based on the relevant option shown in the table above and are a cost to you.

# Financial position

## Financial statements

These tables are a summary of the Plan's audited abridged financial statements for the financial year ending 30 June 2015. Our full audited financial statements and the auditor's report for the year ended 30 June 2015 will be available on our website by 31 December 2015. Hard copies of the full audited financial statements and auditor's report will then be available on request.

### Abridged statement of net assets

	As at 30 June 2015 (\$ million)	As at 30 June 2014 (\$ million)
Investments (at Net Market value)	7,006.9	6,870.7
<b>Plus</b>		
Other assets	50.5	33.8
<b>Less</b>		
Other liabilities	81.2	54.4
<b>Net assets available to pay benefits</b>	<b>6,976.2</b>	<b>6,850.1</b>

### Abridged statement of changes in net assets

	Year ending 30 June 2015 (\$ million)	Year ending 30 June 2014 (\$ million)
Plan at the start of the year	6,850.1	6,277.6
<b>Plus</b>		
Company contributions	267.4	283.3
Member contributions	55.2	48.1
Government co-contributions	0.3	0.4
Low income super contributions	0.4	0.5
Transfers from other plans	51.6	38.8
Transfer from Australian Air Express	50.4	–
Investment and other income	547.2	854.9
<b>Less</b>		
Benefits	696.3	477.7
Administration expenses <sup>1</sup>	10.1	9.3
Actuarial fees	0.5	0.6
Regulatory fees	0.9	1.5
Project expenses	0.8	0.7
Administration implementation fee	–	0.5
Insurance <sup>2</sup>	19.2	11.2
Other general expenses	0.3	–
Investment expenses	48.0	35.0
Income tax	70.3	117.0
<b>Plan at the end of the year</b>	<b>6,976.2</b>	<b>6,850.1</b>

<sup>1</sup> Administration expenses comprise payments of staff, Board, finance, operations, member services, legal, risk and compliance and other operating expenses.

<sup>2</sup> Up to 30 June 2013, Qantas Super's self-insured death and disability benefits for members of defined contribution divisions. These benefits were funded through the allocation of assets to reserves maintained for this purpose. On 1 July 2013 insurance for all defined contribution divisions transferred to external insurance policies with MLC Limited, followed by all defined benefit divisions on 1 August 2014. As a result the benefits were instead funded by the payment of premiums out of the assets of Qantas Super to MLC Limited. Qantas Super's self-insured death and disability benefits for members of defined benefit divisions were funded through the allocation of assets to reserves maintained for this purpose up to when insurance was transferred to policies with MLC Limited on 1 August 2014 with transitional variable premium arrangements until 31 July 2016. Future benefits will therefore be funded by the payment of premiums out of Qantas Super's assets to MLC Limited as reported in the Statement of Changes in Net Assets. The current year accounts show a significant year-on-year increase in actual insurance premium expense paid and a significant reduction in the level of reserves held to cover self-insured benefits.

## Contributions for defined benefits

Some of our members are entitled to defined benefits (members of divisions 1, 2, 3, 4, 12, and 15). These benefits are generally calculated by reference to salary and length of service. Accordingly, these benefits are not directly impacted by investment returns, and do not move up or down as investment returns vary.

Over time, Qantas Airways Limited makes the contributions which are recommended by the Plan actuary as being necessary to meet the cost of providing the defined benefits.

The funding of those benefits has been designed to take account of the structure of defined benefits, and recognises that as well as the typical times when the value of the underlying assets is higher than the total of the defined benefit liabilities, there will be times when the reverse is true.

This relationship is monitored by Qantas Super as the trustee and by the Plan actuary, and changes are made to contribution rates when required.

In 2009, following the downturn in the investment markets, an Additional Funding Plan (AFP) for our defined benefit divisions was implemented.

The AFP established a framework for monitoring our financial position and a process for us to request additional contributions from Qantas Airways Limited if certain trigger events occurred.

On 8 May 2013, Qantas Super agreed a new AFP with Qantas Airways Limited that addresses the requirements of the new APRA Prudential Standards. The new AFP applies for three years effective from 1 July 2013. It's subject to renewal every three years as part of the triennial actuarial review of the Plan.

In the unlikely event that the AFP is not renewed in 2016, the provisions of the relevant Prudential Standard would be applied if required until such time as a new AFP was in place.

For the year ending 30 June 2015 Qantas Airways Limited contributed \$4.3 million of additional funding.

## Financial position (continued)

### Reserves

In line with sound Plan administrative and financial practice and actuarial advice, reserves are maintained to safeguard the Plan against events such as major catastrophes or abnormal mortality experience, to monitor deviations between actual returns and amounts credited to the investment options and to address operational risk losses incurred by the Plan.

Our investment strategy for these reserves is as per the investment objectives and strategy as described on page 25.

Full details about these reserves are disclosed in the notes to the financial statements. A copy of the Financial Statements for the year ending 30 June 2015 will be available on our website by 31 December 2015.

	<b>Investment Fluctuation Reserve (\$'000)<sup>1</sup></b>	<b>Disability Reserve (\$'000)<sup>2</sup></b>	<b>Other Insurance Reserves (\$'000)<sup>2</sup></b>	<b>Foregone Benefits Reserve (\$'000)<sup>3</sup></b>	<b>Operational Risk Reserve (\$'000)<sup>4</sup></b>
<b>Reserve 30 June 2012</b>	(7,244)	65,722	–	546	–
Amounts allocated during year	7,244	(14,018)	–	(100)	–
Transfers during year	(7,725)	4,543	–	96	–
<b>Reserve 30 June 2013</b>	<b>(7,725)</b>	<b>56,247</b>	<b>–</b>	<b>542</b>	<b>–</b>
<b>Reserve 30 June 2013</b>	<b>(7,725)</b>	<b>56,247</b>	<b>–</b>	<b>542</b>	<b>–</b>
Amounts allocated during year	8,120	(2,701)	(3,882)	(75)	–
Transfers during year	(395)	(35,099)	17,238	(467)	5,510
<b>Reserve 30 June 2014</b>	<b>–</b>	<b>18,447</b>	<b>13,356</b>	<b>–</b>	<b>5,510</b>
<b>Reserve 30 June 2014</b>	<b>–</b>	<b>18,447</b>	<b>13,356</b>	<b>–</b>	<b>5,510</b>
Amounts allocated during year	–	832	(3,429)	391	–
Transfers during year	–	(6,529)	(1,692)	(391)	6,006
<b>Reserve 30 June 2015</b>	<b>–</b>	<b>12,750</b>	<b>8,235</b>	<b>–</b>	<b>11,516</b>

<sup>1</sup> The Investment Fluctuation Reserve was designed to account for any deviations between Qantas Super's actual returns and the amounts credited to the investment options. Following the introduction of unit pricing at the asset class level to the Plan, and changes to valuation methodology from 1 July 2013, this reserve is no longer considered necessary.

<sup>2</sup> The Disability Reserve represents reserves to cover the expected self-insured benefits payable in respect of members in Divisions 1 and 2 who have been assessed as permanent and initial incapacitated. The Other Insurance Reserves have been established to provide for self-insured incurred but not reported risks under Qantas Super, and for new self-insured risks arising after 1 July 2013.

<sup>3</sup> Benefits foregone by Division 1 members on resignation and certain employer contributions in respect of Division 1 members not required to meet the disability benefits of Division 1 members are credited to the Foregone Benefits Reserve. The balance of the reserve as at 30 June each year net of applicable costs is allocated to all members of Division 1 as at that date. For the year ending 30 June 2015 the balance was nil and hence no distribution to members has been recommended.

<sup>4</sup> The Operational Risk Reserve is designed to maintain adequate financial resources to address losses arising from operational risks that may affect Qantas Super within its business operations.

# Other important information

## Changes to the Trust Deed

The Trust Deed and Rules were further amended on 10 October 2014 to include the provisions of a new Division 15 of the Plan, which relates to Australian air Express employees who transferred into the Plan from the Australia Post Superannuation Scheme with effect from 1 November 2014.

## Our approach to risk management

At Qantas Super, we have implemented a comprehensive risk management program, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks. The risk management program is maintained and monitored by a dedicated and experienced Legal, Risk & Compliance team. It's subject to regular review and enhancements, and is also subject to an annual independent audit by Qantas Super's external auditor.

In 2014/2015 the Board of Directors approved the annual Risk Management Declaration to confirm that, in all material respects, the Trustee has risk management and compliance systems, controls and resources in place (including in relation to any outsourcing of business activities) that:

- enable the Trustee to monitor and manage risks, and produce and report accurate financial and statistical information;
- are appropriate having regard to the size, business mix and complexity of the Trustee's business operations and the Trustee's operational capabilities; and
- are adequate, and operating effectively.

## Contributions

You can vary your voluntary concessional and non-concessional contributions at any time. The Government has set caps or limits on the amount of contributions you can make to super without having to pay extra tax. There is a cap for concessional and non-concessional contributions. The caps and information about the penalty tax applied to contributions that exceed these caps can be found on [www.qantassuper.com.au](http://www.qantassuper.com.au).

## Superannuation surcharge tax

Surcharge was a tax on contributions that applied between 20 August 1996 and 30 June 2005. The surcharge is only applied to surchargeable superannuation contributions and certain eligible termination payments rolled into superannuation funds by higher income individuals.

Surcharge payments were assessed each year by the Australian Taxation Office (ATO) for each member.

When a surcharge assessment was received by the Plan:

- The assessed amount was paid to the ATO; and
- The assessment amount was applied to the member's Surcharge Account.

The Surcharge Account therefore comprises any surcharge payments made to the ATO for a member, plus earnings at the applicable Credited Interest Rate/s. If you are entitled to receive a benefit, the balance of your Surcharge Account is deducted from your benefit entitlements.

## Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a super fund specifically designed to hold unpaid superannuation benefits. From 1 July 2015, upon ceasing employment with the Qantas Group, subject to a minimum balance requirement of \$5,000, Qantas Super members will automatically become retained members within Gateway. If a member's account balance is below \$5,000 at the time they become a retained member, we will automatically transfer their benefit out of Gateway and into Qantas Super's nominated ERF. We may also do so if their account balance falls below \$5,000 at any subsequent time.

Qantas Super's nominated ERF is AUSfund. The Product Disclosure Statement for AUSfund is available at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au). If your benefit is transferred to the ERF, you will no longer be a member of Qantas Super and you will need to contact the ERF about your benefit. Please note that the conditions, fees and investment strategy of the ERF will be different from those of Qantas Super.

Here are the contact details for Qantas Super's nominated ERF:

The AUSfund Administrator  
PO Box 543  
CARLTON SOUTH VIC 3053  
Phone: 1300 361 798  
Fax: 1300 366 233  
[www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

## Other important information (continued)

### Temporary residents

Qantas Super members who have worked in Australia under a temporary visa arrangement (excluding visa subclasses 405 and 410) and are permanently leaving the country are able to claim payment of their superannuation benefits in full.

The Australian Government requires Qantas Super to pay temporary residents' unclaimed super to the Australian Taxation Office (ATO) after at least six months have passed since the later of:

- The date a temporary resident's visa expired or was cancelled; or
- The date a temporary resident permanently left Australia.

Once your benefit has been transferred to the ATO, you will need to claim it directly from the ATO. As the Trustee relies on the Australian Securities and Investment Commission for relief from the requirement to provide an exit statement, you may not receive an exit statement in this circumstance.

If your benefit has not yet been transferred to the ATO, you can claim it from Qantas Super under the Departing Australia Superannuation Payment regime. For more information regarding these procedures and current tax rates please visit [www.ato.gov.au](http://www.ato.gov.au).

### Change to eligibility for UK pension fund transfers

On 6 April 2015, the United Kingdom changed the eligibility requirements for overseas superannuation funds to qualify to receive UK pension transfers as authorised payments.

As a result, Qantas Super is not processing any UK pension transfer requests. If this status changes we will provide an update to members on [www.qantassuper.com.au](http://www.qantassuper.com.au).

Note: Eligible funds were known as Qualifying Registered Overseas Pensions Schemes (QROPS).

### Trustee liability insurance

We maintain trustee liability insurance to indemnify the Trustee Directors, the Trustee, the Plan and, in some circumstances, the Company against insurable losses that may be incurred.

### Member dissatisfaction policy (complaints)

We have in place a Member Dissatisfaction Policy to ensure member enquiries and complaints are resolved promptly and regulatory obligations are met. In addition, we are obligated to provide you with any information you reasonably require to understand your benefits.

### How do I lodge a complaint?

1. To discuss your complaint, call Qantas Super on 1300 362 967 from 8am to 7pm AEST/AEDT weekdays.
2. If you'd prefer not to discuss the complaint with your service representative, or if your concern is not satisfactorily resolved, please direct your written complaint to:

**Superannuation Inquiries Officer**  
Qantas Superannuation Limited  
GPO Box 4303  
MELBOURNE VIC 3001  
Phone: 1300 362 967

The Superannuation Inquiries Officer will ensure that your complaint is investigated appropriately and will provide you with a response

If you do not receive a response to your complaint within 90 days or are not satisfied with the response provided after going through Qantas Super's internal complaints process, you may be eligible to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints. This is a free service to you. More information is available at the SCT website [www.sct.gov.au](http://www.sct.gov.au) or on 1300 884 114.

The SCT mailing address is:

**Superannuation Complaints Tribunal**  
Locked Mail Bag 3060  
MELBOURNE VIC 3001

If your complaint is outside the jurisdiction of the SCT, you may also have the right to take your complaint to the Financial Ombudsman Service (FOS). More information is available at the FOS website: [www.fos.gov.au](http://www.fos.gov.au) or by calling the FOS on 1300 780 808. The FOS mailing address is:

**Financial Ombudsman Service**  
GPO Box 3  
MELBOURNE VIC 3001



## Privacy

Qantas Superannuation Limited as trustee of the Qantas Superannuation Plan (Qantas Super), respects the privacy of your personal information and is committed to complying with the the Australian Privacy Principles in the Privacy Act 1988 (Cth).

### Our Privacy Policy

Our Privacy Policy sets out our approach to the management of personal information. Subject to the Privacy Act 1998 (Cth), you can have access to and seek correction of your personal information. Our Privacy Policy contains information about how you can do this. Our Privacy Policy also contains information about how you can make a complaint about a breach of privacy. The Privacy Policy is available by visiting [www.qantassuper.com.au](http://www.qantassuper.com.au).

### Collection of personal information

We collect personal information about you so that we can admit you as a member of Qantas Super and provide you with services and benefits in connection with your membership of Qantas Super. If you are an employer-sponsored member, we also collect personal information about you from your employer.

### Consequences if the information is not collected

If we do not collect your personal information, or if that information is incomplete or inaccurate, we may be unable to admit you as a member of Qantas Super or provide you with these services and benefits. It may also prevent us from being able to contact you.

If you do not provide your tax file number (TFN), additional tax will be payable on employer or salary sacrifice contributions, you will be unable to make personal after-tax contributions and you will not qualify for the government co-contributions scheme (if eligible).

### Disclosure of your personal information

We may disclose your personal information to third parties, such as your employer, Qantas Super's administrator, insurer, professional advisers, and organisations who provide services to us in relation to your membership of Qantas Super. The administrator of Qantas Super may disclose personal information to service providers in India and other countries outside of Australia. Any such disclosure will only be made for the purposes of the management and administration of Qantas Super, and the use of personal information is strictly controlled. We may also disclose your personal information to regulatory bodies such as the Australian Taxation Office, where this is required by law.

### Marketing

We may use your personal information to let you know about products and services and seminars that the Trustee thinks may be of interest to you. However, you may opt out of receiving marketing information at any time by using the contact details of the Trustee or Qantas Super's administrator provided in the next column. More information is in our Privacy Policy which is available by visiting [www.qantassuper.com.au](http://www.qantassuper.com.au).

#### Trustee contact details

##### The Privacy Officer

Qantas Superannuation Limited  
GPO Box 4303  
MELBOURNE VIC 3001  
Phone: 1300 362 967

#### Administrator contact details

##### The Privacy Officer

Mercer Outsourcing (Australia) Limited  
GPO Box 4303  
MELBOURNE VIC 3001  
Phone: 1300 362 967

For the Administrator's Privacy Policy, please go to [www.mercer.com.au/privacy](http://www.mercer.com.au/privacy)

## Other important information (continued)



### Our service providers

The Trustee appoints a number of service providers to assist in the management of Qantas Super. In 2014/2015, our key service providers were:

#### Actuary

Tony Miller, BSc (Hons), FIAA

#### Administrator

Mercer Outsourcing (Australia) Pty Ltd  
ABN 83 068 908 912 AFSL #411980

#### External auditor

PricewaterhouseCoopers  
ABN 52 780 433 757

#### Insurance provider

MLC Limited  
ABN 90 000 000 402  
AFSL 230694

#### Internal auditor

KPMG  
ABN 51 194 660 183

#### Investment managers

See page 28

#### Master custodian

JPMorgan Chase Bank, N.A.  
(Sydney Branch) ABN 43 074 112 011

### Qantas Super's licences

Qantas Superannuation Limited (ABN 47 003 806 960) as Trustee holds the following licences:

- Registrable Superannuation Entity (RSE L0002257) licence which allows the Trustee to be the trustee of the Qantas Superannuation Plan (ABN 41 272 198 829); and
- Australian Financial Services Licence (AFSL 288330), which allows the Trustee to provide general financial product advice.

The Trustee will administer the Qantas Super Plan and provide a variety of information to members through publications like the annual report, annual benefit statement, newsletters and the website. The Trustee will also respond to queries from individuals relating to the superannuation products provided by the Trustee.

### Other information

The content of this annual report is of a general nature, is not intended to constitute financial product advice and has not been prepared taking account of your objectives, financial situation or needs. This annual report is not intended to take the place of a licensed financial adviser who understands your objectives, financial situation and needs. The Trustee recommends that before acting on any information contained in this document, you seek financial advice or other disclosure documents from a licensed independent financial adviser and read the Plan's Product Disclosure Statement or other disclosure for the particular division of which you are a member before making an investment decision.

The Trustee makes every attempt to ensure that the information in this document is accurate. Legislative and other changes after the time of publication may affect the accuracy of some of the information contained in this document.

Registered office  
10 Bourke Road  
MASCOT NSW 2020



## Contact us

**Phone**

1300 362 967 (within Australia)  
+61 3 8687 1866 (outside Australia)

**Fax**

+61 3 9245 5827

**Postal address**

Qantas Superannuation Plan  
GPO Box 4303, Melbourne VIC 3001



**[www.qantassuper.com.au](http://www.qantassuper.com.au)**