

2015/2016  
**Annual Report**



Meet Simone.

She runs our pop-up information booths across the network in Australia, sharing Qantas Super information with almost 3,000 of you over the past three years. Simone has grown up in the Qantas world – her dad, Lelis D'Souza, has worked in Perth's customer service team for the past 24 years.

Simone is part of the next generation of Qantas Super. More face to face support for members like you, more seminars, more communication that is tailored to your needs, making better use of what digital technology can deliver. So keep your details up to date so we can provide you with the important information you need to know about your super.



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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).

# Message from the Chair

It's been another busy year for Qantas Super as we continued to build on what we offer to our 32,000 members. I'm proud to share with you that we've received a Gold rating from independent ratings agency SuperRatings, for the fourth year in a row.



**Anne Ward**  
Chair

Among the highlights from the last 12 months – we launched our new retirement solution, Gateway Income, which provides retiring members with greater flexibility, more investment choices, a more competitive fee structure and the ability to nominate a reversionary beneficiary.

We know members don't always have time to consider the best investment option for their needs, so we introduced a new default investment option called Glidepath. Glidepath adjusts its growth and risk profile over your life, with greater exposure to growth assets earlier in your career, and reduced exposure to overall volatility as you near retirement. In this way, Glidepath is designed to support the changing needs of members throughout life's investment journey. It has four investment stages – Take-Off, Altitude, Cruising and Destination – and members will be automatically moved through these investment options depending on their stage of life.

For those of you who like to take more control of your investments, we introduced the ability to choose multiple investment options at the same time, also known as 'blending'. You can simply log on to the website and select the options you want, in the proportions you prefer.

We also spent some time refreshing the front end of the website to make it easier for you to find information – no matter what device you use to access it. We looked at how members use the website, and how we can set out the information in a way that makes more sense. We have also developed some education packages that members can access online, including Super 101 which is an introduction to superannuation, and Women in Super, which examines why women in general accumulate less super than men by the time they reach retirement.

Finally, during the year we farewelled CEO Jane Perry after four years at the helm and welcomed Michael Clancy as our new CEO in December. Michael has more than 20 years' experience in the financial services industry, with particular focus on the superannuation, investment and insurance sectors. He has already worked with the Executive team and the Board to lay out detailed plans for the next three years. Once again, you the member are at the heart of these plans.

I hope you enjoy navigating through the great stories we have to tell in this report.

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

**Anne Ward**  
Chair

## Message from the CEO



**Michael Clancy**  
Chief Executive Officer

**I joined Qantas Super as the Chief Executive Officer of Qantas Super in December last year.**

Qantas Super has a fantastic reputation in the industry and having spent the first six months getting to know the business, the Board and the team in the Executive Office, I must say this reputation is well deserved.

Over the last several months in particular I have worked closely with our Board and Executive team to shape our purpose and plan for the next three years, and to build on the great work that's been done in the past.

So what is that purpose? After much discussion and consultation, we've built a three year plan that underpins our purpose, which is to "help our members be confident in their financial future, so they can enjoy their retirement".

We know a lot of people worry about whether they'll have enough money to see them through when they leave work. We want to support you and help empower you to make better decisions about your financial

future, especially when it comes to superannuation. We'll be rolling out more education, information and advice opportunities for you, and continuously improving our product capabilities to meet member needs. For example in 2017, we'll be moving from a single newsletter posted to all members to more targeted communication delivered by email.

On our website you'll find a site that captures the highlights of this annual report, which signals the start of a digital journey that we hope will allow us to provide you with more meaningful information about your super, when you need it, in a way that is easy for you to access.

Enjoy the 2015/2016 Qantas Super Annual Report.

A handwritten signature in black ink that reads "Michael".

**Michael Clancy**  
Chief Executive Officer

# Key achievements

## in 2015/2016

### Introducing our new lifecycle investment option

When it comes to superannuation, some of us pay close attention to our super and take control by choosing investment options, making sure our beneficiary nomination is up to date, and ensuring we have adequate insurance. But let's face it – some of us “set and forget” our super – not paying much attention to it until we get closer to retirement.

For this reason we designed and launched a new investment option, Glidepath, which is the default for all our new members and accumulation members who haven't chosen an option. Glidepath is a lifecycle investment option, adjusting its growth and risk profile over a member's life. It is structured so that younger members (who have a longer time to retirement) are invested in the earlier stages of Glidepath where they are more exposed to growth assets and therefore to more risk. For older members, Glidepath automatically reduces this exposure to growth assets as retirement nears.

To reflect our aviation industry heritage, Glidepath has four investment stages:

- Take-Off
- Altitude
- Cruising, and
- Destination.



▶ For more information about Glidepath, please visit [www.qantassuper.com.au](http://www.qantassuper.com.au)



### More **flexibility** for you

Some of you have been asking for the opportunity to choose more than one investment option at a time, so in October 2015, we introduced the capability to do just that. Instead of having only one investment choice for your account, you can now choose one or a mix of investment options for your current super account balance and a different option or mix of options for the future contributions that will be made to your account<sup>1,2</sup>. There are conditions – read the Investment Guide, available on the website.

You can change the allocation of your investment options at any time, by logging into the secure section of the website. These investment allocations will take effect according to the weekly switching cycle.

▶ For examples of how to mix your investment options, read the September 2015 edition of *Super Update*, available from [www.qantassuper.com.au](http://www.qantassuper.com.au)

<sup>1</sup> If you're a member of a Qantas Super defined benefit division, this only applies to certain accumulation accounts (please call the Qantas Super Helpline on 1300 362 967 if you'd like more information about this).

<sup>2</sup> This does not include any part of your account balance that's currently invested in the Term Deposit option.

## Key achievements in 2015/2016 (continued)

### Life after work... are you on track to fund it?

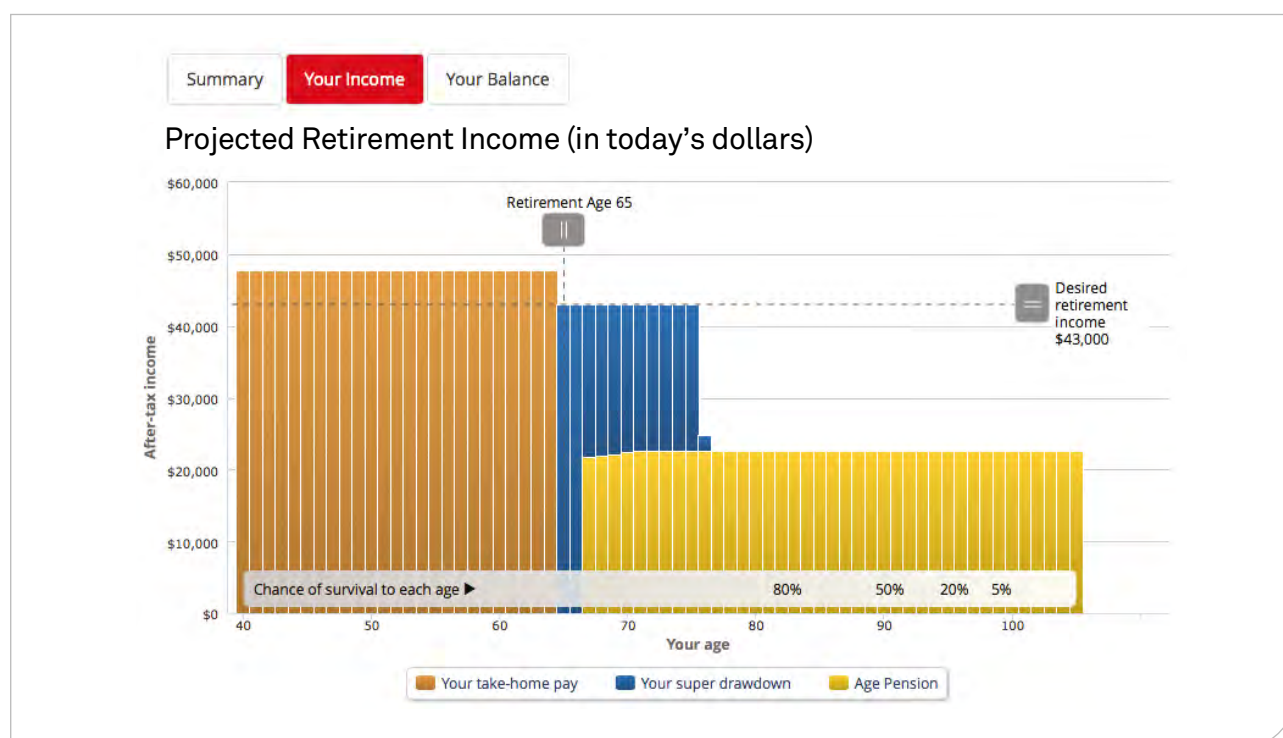
We launched a retirement income simulator in early 2016. The simulator is designed to help you model how much income you may need in retirement and if you're on track to achieve this. It's particularly designed for those in accumulation divisions.

With this new tool, you can:

- Model how much super you could have when retiring;
- Get an idea of how long your super will last in retirement;
- Estimate your total income in retirement – from your super, the government Age Pension and your other assets;
- Compare the estimated income with what you might need – there's even a budget planner to help you calculate what you might need;
- Enter your partner's details to see an indication of how much you'll have as a couple; and
- Create and compare different scenarios – vary your super contributions, change investment returns, change your retirement date and more.



As with any model, certain assumptions are made when it crunches the numbers, so remember that the numbers you see are estimates and are intended as a guide only. You shouldn't rely on the calculator in isolation when making decisions about your super and you should always see a licensed financial adviser if you need help with working out what's right for your personal circumstances.





## A new retirement solution

In 2015 we also launched an Income Account in Gateway, a new retirement product, which provides members with more flexibility and additional features.

This means Gateway is now a 'whole of life' product to support you throughout your career and into retirement, even if you're no longer working for the Qantas Group<sup>1</sup>.

When you're ready to retire or approaching retirement (and are eligible to access your super as an income stream), you can now open an Income Account in Gateway, and convert your super into regular income payments<sup>2</sup>. Members of our previous retirement products (Divisions 9 and 14) were automatically transferred to an Income Account in Gateway from 1 October 2015.

Features of an Income Account in Gateway include:

- Significantly lower administration fees<sup>3</sup> than most members in Divisions 9 and 14 were paying; including a cap on the administration fee of \$1,200 p.a.<sup>4</sup>;
- The ability to select a mix of investment options;
- Access to the new Glidepath investment option;
- The ability to choose the frequency of income payments. Previously members could only receive their income monthly, now they can choose between fortnightly, monthly, quarterly, half-yearly, or annual payments;
- Online withdrawals, making it easier to access lump sums if needed; and
- The ability to make a reversionary binding nomination in favour of their spouse or dependant child. This means that if a member dies before their account balance runs out, their spouse or dependant child can continue to receive income payments until the account reaches zero.

<sup>1</sup> Qantas Airways Limited and associated employers

<sup>2</sup> Divisions 9 and 14 were then closed

<sup>3</sup> This would not be the case for Division 9 and 14 members whose account balances were under \$19,000 (approx.)

<sup>4</sup> Excluding the APRA fee of 0.02% pa of account balance.

## Seeing you more often

During this year we continued to hold our education seminars on growing your wealth, and planning the retirement you want. We introduced two new mini-seminars – *Women and super* to help members understand the issue of women accumulating less super than men throughout their working life, and *Super 101*, an introduction to super and how it works.

We also continued our pop-up information booths, with a presence in Sydney, Perth, Melbourne, Canberra, Brisbane, and Hobart.

All up, we met almost 1,300 members face-to-face to share information, hand out fact sheets, and answer general questions.



Member Adam Drury with Qantas Super's Simone D'Souza who runs the pop-up information booths in Australia.



Members Michael Beaton and Wayne Astawa dropped by to pick up fact sheets and have a chat.

## Key achievements in 2015/2016 (continued)

### Our 'Every email counts' competition

In May and June, we ran our 'Every email counts' competition asking you to provide or confirm your email address and mobile number. We received almost 5,000 entries! Thanks to everyone who participated.



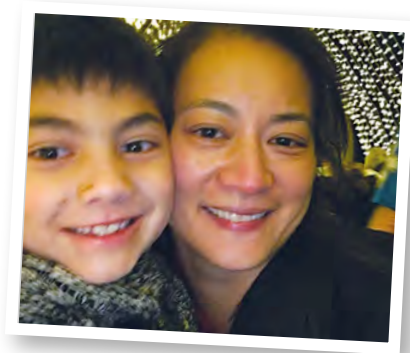
Member Jenny Smith receives her Apple Watch from Qantas Super CEO, Michael Clancy.

First prize winner was Jenny Smith from NSW. Jenny won a smartwatch of her choice to the value of \$499, and chose a stylish white Apple Watch.

**Jenny Smith:** "I was very surprised to get the call from Qantas Super, and delighted to be a winner. I have been a member of Qantas Super for over 33 years, and this is the first time I have won anything. The people around me have all shared in my excitement, particularly as they know I am sometimes challenged by new technology. So, I will be giving the Apple Watch as a gift to a family member who can make good use of it, rather than keeping it for myself. Thank you to Qantas Super and the sponsors for this special prize."

There were also five runners-up who won a \$100 Visa gift card: Nadene Keller, Joanne Khoo, Hatasaya Boonket, Russell O'Brien and Natalie Fenton.

**Nadene Keller:** "I haven't had the 'Congratulations, you've won.....' phone call many times, it was a nice change from the forever ending phone calls you get from people always trying to sell you something over the phone!! Without a doubt I'm likely to spend the \$100 gift card on my two beautiful girls, I have a 3 and a 1/2 year old and a 15 month old. I've been off on maternity leave for the past 15 months so it will definitely come in handy especially with Christmas only six months away, it will contribute to Santa's long list of presents. My eldest child is asking for a 'big girl' bike amongst many other things!! Thanks again Qantas Super!"



**Joanne Khoo's** plans for the gift card are either dinner with her husband or the Lego set her boys have been asking for. "(I was) very surprised, I didn't think about winning once I sent in my email details, but I'm very pleased to have won a prize."



**Hatasaya Boonket:** "When I found out that I had won the gift card, I was obviously pleasantly surprised and couldn't believe my luck :). I have plans to spoil my son with a gift over these school holidays. I am very thankful."



## Awards and other great news

And it's gold...again.

For the fourth year in a row, we've been 'Gold' rated by the independent rating agency, SuperRatings. This is a fantastic result, and we're very proud of the significant work we've undertaken to develop your fund.

We were also named as a 'Rising Star' finalist for our commitment to enhancing the value of our offering to members.



### Best Doctors extended its offer to parents and parents-in-law.

This means you, your partner, your children, step-children, parents and parents-in-law are now able to access the Best Doctors service.

Best Doctors is a free, second opinion medical advice service for Qantas Super members. Best Doctors has a unique database of more than 50,000 leading doctors and specialists across the world, and they can connect you with those specialists to ensure you have the right diagnosis and appropriate treatment plan. They provide services for almost all medical conditions\* from back pain and sports injuries to chronic diseases and life-threatening illnesses.

Qantas Super-related cases have included:

- Atopic dermatitis
- Sleep disorders
- Endometriosis
- Thyroiditis
- Gastroenteritis and colitis
- Abdominal and pelvic pain
- Varicose veins

\* Best Doctors does not provide services for emergencies, pregnancy or mental health.

▶ Read 'Other changes' on page 11 for other changes during 2015/2016.

We launched our **new look website** to make it easier for you to find information in October 2015.



Easier for you to find information – no matter what device you use.

### New solution for members leaving Qantas Group employment



We also introduced a **new retained** solution for members who leave benefits in Qantas Super – they'll now join Qantas Super Gateway. Gateway is a cost-effective, contemporary superannuation product with flexible insurance options, offering ongoing annual administration fees that are lower than the previous offer (Division 8).

## Key achievements in 2015/2016 (continued)

### What you tell us

#### On our seminars

"Got me motivated to think seriously about what actions I need to take and actually do something."

**"This is the (professional) information I needed to make some changes that I talked about doing for a long time."**

"I was made aware of what I should look at and rectify to give myself a shot at the lifestyle I want in retirement."

"I hardly understood anything about my super and it made me start asking a lot more questions."

"I signed up for the seminar completely clueless and now feel I have more information regarding my super and where I need to be in retirement."

"I realised I need to update my beneficiaries and keep an eye out for upcoming seminars. In addition, I didn't know the Best Doctors service was offered."

"I am now 54 and am taking more of an interest in my super!"

"I am new to full-time work and quite under-informed when it comes to super. The seminar provided good background knowledge, reinforced the importance of super and gave me some valuable insights into improving super contributions that I will consider throughout my working life."

"Understanding the reality of the situation for women and their super was useful for me (and my mother) - as well as understanding what I can do to change that."

**"Eye opening summary of why we should care about our super/retirement planning."**

"It helped me to decide to consolidate my three different super holdings. Funnily enough I received an email from the ATO re lost super and consolidating super last night, I took it as a sign to make it happen rather than just thinking about it."

"A lot of people don't ever think about their super, this is like a wake up call."

"The whole session is a reminder to do something about your super as early as you can."

**"It was very informative and thought provoking. I think most of us just plod along and not think about super, but this really opened my eyes!"**

"I think it is important for everyone to be conscious of their super - this session reinforced the importance of monitoring your retirement savings throughout your working life."

#### On Best Doctors

"The team were excellent about coming back to me and keeping me informed about the process. They were constantly in contact and the service was very quick."

"The response from the Best Doctors expert was very comprehensive."

**"Contacting Best Doctors helped me to decide which treatment option to go down."**



## Other changes

The following table sets out other changes throughout 2015/2016. We shared this information with you via a letter to you, through *Super Update*, or in Latest news at [www.qantassuper.com.au](http://www.qantassuper.com.au).

Date	Topic	Applicable divisions
July 2015	■ UK pension fund requirements changing	All members
July 2015	■ Managing our currency exposure	All members
August 2015	■ Retirement and transition to retirement accounts will automatically become Income Accounts in Gateway	Division 9 and 14
August 2015	■ Default members to be automatically invested in Glidepath, Qantas Super's new default investment option	Default members in Divisions 3A, 5, 6, 7, 10, and Gateway
September 2015	<ul style="list-style-type: none"> <li>■ Super Update – Upcoming changes; Best Doctors feature; new retirement solution; changes to pensions in Federal Budget 2015-2016; change to QROPs requirements; 12 month portability rule for Gateway; Qantas Super CEO to retire; member-elected Group C Director reappointed; insurance through your super</li> <li>■ Investment Updates – Introducing Glidepath; choose a mix of investment options; simplifying names of investment options; strategic investment review outcomes (change of terminology for asset classes); managing our currency exposure; changes to investment objectives, time horizons and growth/defensive splits</li> <li>■ Insurance Updates – New features for Voluntary Cover in Gateway; reminder to Division 8 members to make their choice; life events feature; change to terminal illness legislation; eligibility for income protection (Gateway); clarification of eligibility for \$750,000 Voluntary Cover; total and permanent disablement definitions; new insurance features for Division 15 members</li> </ul>	All members
December 2015	■ 2014/2015 Annual Report	All members
December 2015	<ul style="list-style-type: none"> <li>■ Super Update – Our new retirement calculator; introducing new CEO, estate planning; a reminder about tax implications on making withdrawals from super; Super 101; Q&amp;As: Terminal illness benefit</li> <li>■ Highlights of 2015</li> <li>■ Division 15 Q&amp;A</li> </ul>	All members (except Division 15 insert – for Division 15 members only)
May 2016	■ Final opportunity for members with accrued default amounts to opt out of automatic transfer to Gateway.	Remaining members in Divisions 3A, 6, 7, and 10, with accrued default amounts

### Changes proposed by the Federal Government as at 30 June 2016

In May, when handing down its 2017 Budget, the Federal Government flagged further changes to the superannuation system. Measures included a \$1.6 million cap on the amount of super that can be transferred to pension accounts, a \$500,000 lifetime cap on after-tax (non-concessional) contributions and a 'catch-up' clause on concessional contributions.

- ▶ Since 1 July 2016, the Federal Government has announced further updates to its proposed changes. For the latest information, read the *Latest news* section of our website.

# Your Board of Directors

## as at 30 June 2016

### 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 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, 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.



**Paul Costello**

- Chair of Investment 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 Ltd, a member of the RBA Payments System Board, a member of the International Advisory Council of the China Investment Corporation, Chairman of the QIC Global Infrastructure Investment Committee and a member of the Investment Committee of the Salvation Army, Southern Territory.

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,  
Qantas Airways Ltd

#### ■ Member of Investment Committee

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\$3-4bn p.a. exposure to jet fuels price risk, foreign currency risk including Qantas Airway's committed capital expenditure program and its operating revenues earned in more than 80 countries, interest rate risk on the Qantas A\$6bn of balance sheet debt and A\$3bn of off-balance sheet operating leases, as well as a cash balance and liquidity of approximately 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 Employee  
Relations, Qantas Airways Ltd

#### ■ Member of Audit & Risk Committee

#### ■ Member of Member Services Committee

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

He is the Executive Manager Employee Relations and part of the Human Resources Executive Team, with responsibilities including Industrial Relations.

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.

Most recently he held the roles of Executive Manager Group Audit & Risk, 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.



### **Russell Macfarlane**

Executive Manager Group Finance,  
Qantas Airways Ltd

#### ■ 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 first elected<sup>1</sup> 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 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.

<sup>1</sup> Mark was reappointed as Group A Member-elected Director on 13 June 2016.



**Craig Pagden<sup>2</sup>**

Long Haul Flight Attendant (Group B)

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

Craig was first 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.

<sup>2</sup> In September 2016, International Customer Service Supervisor **Bruce Roberts** was elected by Group B (Flight Attendants) as their representative on the Board, replacing Craig Pagden. This appointment became effective on 30 September 2016.



**John Sipek**

Aircraft Maintenance Engineer (Group C)

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

John was first elected<sup>3</sup> to the Qantas Super Board on 12 August 2004.

He is an Aircraft Maintenance Engineer in Battery Section Melbourne, and has been with Qantas Airways Ltd for more than 20 years. John is a senior union delegate with the Aircraft Workers' Union.

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

Currently he is the Deputy Chair of ISIS Primary Care Pty Ltd, a member of the Committee – Australian Croatian Community Service, a member of the Western Tourism Board of Victoria and is a long-time member of the Australian Institute of Company Directors.

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

<sup>3</sup> John was reappointed as Group C Member-elected Director on 3 August 2015.



### Kash Gillies

Senior Leading Aircraft Mechanical Engineer (Group D)

- Chair of Member Services Committee
- Member of Investment Committee

Kash was first 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 first 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 management of the Qantas Group's ~A\$3bn p.a. exposure to jet fuel price risk, foreign currency risk including the Group's committed capital expenditure program over the next 10-plus years, and its operating revenues earned in more than 80 countries, interest rate risk on the Group's A\$5-6bn of balance sheet debt and ~A\$3bn of off balance sheet operating leases, as well as a cash balance and liquidity of A\$2-3bn. The Group's funding requirements, long term liquidity needs, rating agency and lender relationships, Treasury systems, accounting and settlements are also part of Group Treasury's responsibility. 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 2015/2016, the Board met seven times (including one circular resolution). 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 2016*

The Board has put in place standing committees (and, when needed, ad hoc committees for specific matters) which 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 to provide a 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, Cecilia Ho (from 29 October 2015), Russell Macfarlane, Greg Manning, Craig Pagden (from 4 December 2015), Jane Perry (until 4 December 2015), Mark Thorpe, 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 (Chair), Russell Macfarlane, Geoff McRae (external appointee), Jane Perry (until 4 December 2015). Jenni Baxter is alternate for Geoff McRae and Cecilia Ho is alternate for John Sipek.

### 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 relevant outsourced service providers.

**Members:** Kash Gillies, (Chair), Paul Costello (until 4 December 2015), Andrew Monaghan (from 4 December 2015), Craig Pagden and John Sipek.

## Corporate governance (continued)

### 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 (Chair), Greg Manning, Andrew Monaghan, Craig Pagden and John Sipek (until 4 December 2015). Cecilia Ho is alternate for Greg Manning.

### 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 and Anne Ward. Andrew Monaghan is alternate for Paul Costello.



## 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	7	7	–	–	–	–	6	6	–	–	2	2
Paul Costello	6	7	–	–	–	–	6	6	2	2	2	2
Kash Gillies	7	7	–	–	–	–	6	6	4	4	–	–
Cecilia Ho	6	7	–	–	–	–	4	4	–	–	–	–
Russell Macfarlane	7	7	5	5	8	8	6	6	–	–	–	–
Greg Manning	7	7	5	5	–	–	5	6	–	–	2	2
Andrew Monaghan	7	7	5	5	–	–	–	–	1	2	–	–
Craig Pagden	7	7	5	5	–	–	3	3	3	4	–	–
John Sipek	6	7	3	3	4	4	–	–	4	4	–	–
Mark Thorpe	7	7	–	–	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 Circular Resolutions passed).

# 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



**Michael Clancy**

Chief Executive Officer

- Member since 2015

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

**Appointed:** 2015.

**Experience:** 20 years' experience in the financial services industry, with particular focus on the superannuation, investment and insurance sectors.

**Previous roles:** National Australia Bank.

**Education:** Bachelor of Business in Finance and Economics. Chartered Financial Analyst.

**Other:** Member on Anglicare Sydney Council (Chair of Investment Committee, member of Governance Committee). Director of the Association of Superannuation Funds Australia (ASFA) Board. Member of Australian Institute of Company Directors, and the CFA Institute. Co-Founder and Director of cloud-based wealth advice service, BigFuture.

**Previous Board positions:** Executive Director or Non-Executive Director on boards such as the Superannuation Trustee Boards at NAB, WealthHub Securities Limited, Plum Financial Services Limited, National Corporate Investment Services Limited, and the CFA Society of Sydney.



**Andrew Spence**

Chief Investment Officer

- Member since 2008

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

**Appointed:** 2008.

**Experience:** 30 years' experience 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.



**Hugh Loughrey**

Head of Legal,  
Risk & Compliance

- Member since 2011

**Role:** Responsibility for the risk management function and the provision of legal advice and support to Qantas Super.

**Appointed:** 2011.

**Experience:** Over 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, Ireland, England and Wales. Former 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:** Over 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**  
Head of Finance

■ Member since 2013

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

**Appointed:** 2013.

**Experience:** Seven years' experience in the financial services industry.

**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 2015/2016

as at 30 June 2016



**31,921**  
members



**59%** male  
**41%** female



Contributions received:  
Almost **\$344 million**



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



**30,634**  
phone calls to the  
Qantas Super Helpline



Provided an email  
address: **89%**



Visits to the secure  
member website: Almost  
**246,000**



Nominated a  
beneficiary: **75%**



Almost **90%** of  
insurance claims approved



Advised us of TFN:  
**99%**

# Investments

Despite a challenging year for investment markets, Qantas Super continues to deliver solid long term investment performance. Our investment performance is guided by a strong set of investment beliefs, executed as cost efficiently as possible.

To achieve our investment mission, the following investment beliefs guide our Investment Strategy:

- 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's ability to deliver sustainable growth for the benefit of members.

## Our investment mission and beliefs



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.



## Investments (continued)

Our investments are 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 \$18.3 million to members over the last 12 months.

		30 June 2016 (\$ million)	30 June 2015 (\$ million)	Change (\$ million)
Growth assets	<b>Equities</b>			
	Australian equities	1,078.4	1,184.6	- 106.2
	Global equities	1,721.6	1,592.3	129.3
	Private equity	352.9	376.0	- 23.1
	<b>Total equities</b>	<b>3,152.9</b>	<b>3,152.9</b>	<b>0.0</b>
	<b>Growth alternatives</b>			
	Opportunistic growth alternatives (credit)	242.4	245.0	- 2.6
	Diversity	–	553.6	-553.6
	Infrastructure	394.9	346.7	48.2
	Property	334.6	315.7	18.9
	<b>Total Growth alternatives</b>	<b>971.9</b>	<b>1,461.0</b>	<b>-489.1</b>
Defensive assets	<b>Defensive alternatives</b>			
	Credit	–	395.2	-395.2
	Diversity	649.1	193.3	455.8
	<b>Total Defensive alternatives</b>	<b>649.1</b>	<b>588.5</b>	<b>60.6</b>
	<b>Debt</b>			
	Credit	269.5	–	269.5
	Fixed interest	1,220.4	1,316.8	- 96.4
	<b>Total Debt</b>	<b>1,489.9</b>	<b>1,316.8</b>	<b>173.1</b>
	Cash	702.9	496.5	206.4
	<b>Total assets*</b>	<b>6,966.7</b>	<b>7,015.8</b>	<b>- 49.1</b>

**Please note:** The 'Total assets' figure (\* in above table) and the 'Net assets to pay benefits' figure (on page 40) 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 40) is Net Market Value. You can see the asset allocation for each investment option (as at 30 June 2016) by visiting [www.qantassuper.com.au](http://www.qantassuper.com.au)

## About our investment options

as at 30 June 2016

Our investment options are invested in different asset classes. Generally asset classes are divided into two types: growth assets and defensive assets.

### Growth assets

Growth assets are investments that are expected to deliver higher returns over time. Growth assets include Australian and global equities and private equity.

- **Equities** – Equities (or shares) represent a share of the ownership of companies either through listed exchanges or private equity. Their return is derived from dividends paid to shareholders from company profits, and from changes to the share price or capital value.
- **Growth alternatives** – There are a range of growth assets used by Qantas Super. These may include unlisted infrastructure, unlisted property, high yield corporate bonds and emerging market debt. Their returns are derived from a combination of dividends, distributions and interest, plus changes in the capital value of the assets.

### Defensive assets

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

- **Defensive alternatives** – These may include hedge funds and other defensive strategies.
- **Debt** – Fixed interest investments or bonds issued by public organisations and companies. Each bond will normally have a fixed rate (and dates) of 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, which pay interest on these amounts. Cash investments are generally 'on-call' which means they can be accessed at any time.

Each of our investment options has its assets invested in different proportions. Refer to the website or the *Investment Guide* for more information.

## Investment limits

We manage investment risk in a number of ways.

- Investment management and implementation 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 100% of Qantas Super's investments in Australian and global equities. However, the centralised portfolio that Parametric manages is based on model portfolios provided by 12 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 total assets.

Additionally, as at 30 June 2016:

- Seven investment managers individually managed more than 5% of the total assets; and
- We had approximately \$3.1 million (at market value) invested in Qantas Airways Ltd 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 now called 'growth assets', and 'risk controlling assets' are now called 'defensive assets'.

## Investments (continued)

### Our investment managers

Our managers are geographically diverse, and located in Sydney, London, New York, Seattle, Boston, Portland, Singapore, Melbourne, Brisbane, Edinburgh, Dublin, Japan, Beijing, Taipei, Hong Kong, Bangkok, Manila, Bangalore, Jakarta, San Francisco, Canada, and Stamford. 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 2016	Market
<b>Australian equities</b>	
DNR Capital Pty Ltd*	Australian
Ellerston Capital Limited*	Australian
Parametric Portfolio Associates LLC <sup>1</sup>	Australian
Plato Investment Management Limited*	Australian
WaveStone Capital Pty Ltd*	Australian
<b>Global equities</b>	
Acadian Asset Management LLC*	Global
Black Creek Investment Management Inc*	Global
Dundas Partners LLP*	Global
Origin Asset Management LLP*	Global
Parametric Portfolio Associates LLC <sup>1</sup>	Global
Realindex Investments Pty Ltd*	Global
Wasatch Advisors, Inc*	Global
Wells Capital Management, Inc*	Emerging
<b>Private equity</b>	
ROC Capital Pty Limited (including QPET)	Global
<b>Opportunistic Growth Alternatives (Credit)</b>	
Bain Capital, LP	Distressed and Performing Credit
<b>Infrastructure</b>	
Equis Funds Group Pte Ltd (QAIF Limited)	Global (Asian)
Palisade Investment Partners Ltd (Q Infrastructure Trust)	Australian
<b>Property</b>	
Goodman Funds Management Australia Limited	Australian
GPT Funds Management Limited	Australian
Lend Lease Real Estate Investments Limited	Australian
Vicinity Private Property Syndicate	Australian
<b>Timberland</b>	
Campbell Global, LLC	Global
<b>Defensive Alternatives</b>	
K2 / D&S Management Company LLC	Global Hedge Funds
<b>Debt</b>	
Macquarie Investment Management Limited	Australian Credit
Westbourne Credit Management Limited (Q Infrastructure Yield Trust)	Global Infrastructure Debt
Ardea Investment Management Pty Limited	Australian
BT Investment Management (RE) Limited	Australian
H20 Asset Management LLP	Global
<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 DNR Capital Pty Ltd, Ellerston Capital Limited, Plato Investment Management Limited and WaveStone Capital Pty Ltd. 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 Acadian Asset Management LLC, Black Creek Investment Management Inc, Dundas Partners LLP, Origin Asset Management LLP, Realindex Investments Pty Limited, Wasatch Advisors, Inc and Wells Capital Management, Inc.

## How we performed to 30 June 2016

During the 2015/2016 financial year, our Growth option delivered a return of 1.10%, while our Balanced and Aggressive options provided returns of 1.25% and 0.44% respectively. Returns have been heavily impacted by the weak performance of listed equities over the past 12 months.

Our defensive investment options (Conservative and Cash) outperformed the more growth-orientated portfolios and provided low single digit returns of 1.79% and 1.85% respectively. This reflected an environment where bond yields and interest rates (other than in the US) continued to fall to record lows.

October 2015 saw the introduction of our default lifecycle strategy, called Glidepath. Glidepath's asset allocations are identical to those in the investment choice options, other than the Cruising option which has a 60/40 growth/defensive split. The 'since inception' returns of the stages in Glidepath are provided on page 29.

Each investment option has an investment objective and a minimum suggested time to invest.

The Balanced option has exceeded its stated objective, returning 6.15% per annum over its five-year measurement period. The Growth option has also exceeded its long term stated objective over its seven-year measurement period, achieving a 7.53% per annum return. This is a solid result given the numerous challenges faced by investment markets over the last several years.

The Cash option has performed broadly in line with its stated return objective over the long term. The Conservative option has slightly

underperformed its three-year measurement period. The Aggressive option has delivered a return of 5.01% per annum over its 10-year measurement period. Although this is a strong risk-adjusted return in absolute terms, it has fallen short of meeting its stated return objective which largely reflects the significant sell-off in growth assets in FY 2009 during the Global Financial Crisis.

The full returns are set out on page 38.

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 32-36.

### In detail

2015/2016 has been a particularly challenging period for investment markets and unfortunately the immediate outlook doesn't look all that encouraging. Returns over the last 12 months have been driven by the actions of central banks, the swings in oil prices and geopolitical events such as Brexit.

Asset class returns were mixed throughout 2015/2016, with unlisted asset classes, such as Private Equity, Property and Infrastructure outperforming Listed Equities. The Australian S&P/ASX 300 finished the year relatively flat with a one year return of 0.9% to 30 June 2016, the MSCI All Countries World Index (ex-Australia, in A\$) finished down 0.6% and the US S&P 500 (in USD) finished the year up 1.7%. Bond yields across the globe continued to fall over the year while credit spreads widened.

While annual returns are important, our focus remains on effectively managing investment risks to deliver attractive, long term returns for you over your working life and into retirement.



## Investments (continued)

Overall bond markets outperformed listed equity markets with the Bloomberg AusBond Composite Index up 7.0% and Citigroup WGBI ex-Aus (hedged \$A) up 10.8%.

The Australian equity market continues to be driven by news on China and commodity prices. In June 2016 the United Kingdom (UK) referendum, which saw a 52% vote for the UK to leave the European Union, severely impacted the share prices of any Australian listed companies with UK exposure. Despite this immediate reaction to the so called 'Brexit', the overall June quarter performance in Australian equities was protected by the bounce in commodity prices.

In Australia, the release of CPI data at the end of April 2016 saw deflation for the first time in seven years, with quarterly CPI at -0.2%. This result, along with continued concerns over Australian house prices and debt levels, drove the Reserve Bank of Australia to cut domestic interest rates by 25 basis points to a historic low of 1.75% at their May

2016 meeting. High yielding asset classes benefited from this, including infrastructure and property. As an example, the Plan's unlisted Property assets returned 14.6% in FY 2016.

The AUD declined against most of the major currencies in FY 2016, falling 3.3% versus the USD, 2.4% against the EUR, and 18.8% against the Japanese Yen. The AUD finished up 13.6% against the UK pound over the year. Crude oil fell over the year by 18.7%, finishing at US\$48 per barrel, while gold finished up at US\$1,321 per ounce, a 12% increase over the year. It is expected that the combination of a weaker Australian dollar and lower commodity prices will benefit a number of sectors in the Australian economy going forward.

In China, the authorities continue to muddle through in managing the intermittent bouts of volatility in the stock market and the currency, and to date there has been little knock-on effect to the broader economy. However, the build-up of debt levels in China remains substantial, and it is

unclear how effectively such a process could be managed if either the banking sector or the property market came under serious pressure. For this reason, the risks implicit in China's transition from being an investment-led to a consumer-driven economy could pose challenges for Australia over the medium to long term.

FY 2016 was exceptionally tough for global equity markets with only four of 12 months delivering positive returns. Developed markets significantly outperformed emerging markets in AUD terms returning 0.4% compared to -9.2% respectively as investors favoured defensive positions in an uncertain market environment. Over the year the US and UK benefited from being relatively safe havens, strengthened by monetary policies and largely positive data throughout the year. It should be noted that developed markets have now outperformed emerging markets by 11.2% p.a. over the last five years (MSCI World +14.7% p.a. vs MSCI EM +3.5% p.a., in AUD).



## How we performed over 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 in September 2008, followed by the European debt crisis, and most recently Britain's vote to exit from the European Union. 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	5.01% p.a.
■ Growth	4.86% p.a.
■ Balanced	4.99% p.a.
■ Conservative	4.67% p.a.
■ Cash	3.54% 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 growth assets within the investment option. The Cash option had the lowest return while the Aggressive option (which has the highest exposure to growth 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.

1 October 2015 saw the introduction of Glidepath as a lifecycle product. Since inception to 30 June 2016, the stages of Glidepath have returned:

■ Take-Off	1.22%
■ Altitude	1.11%
■ Cruising	0.76%
■ Destination	0.80%

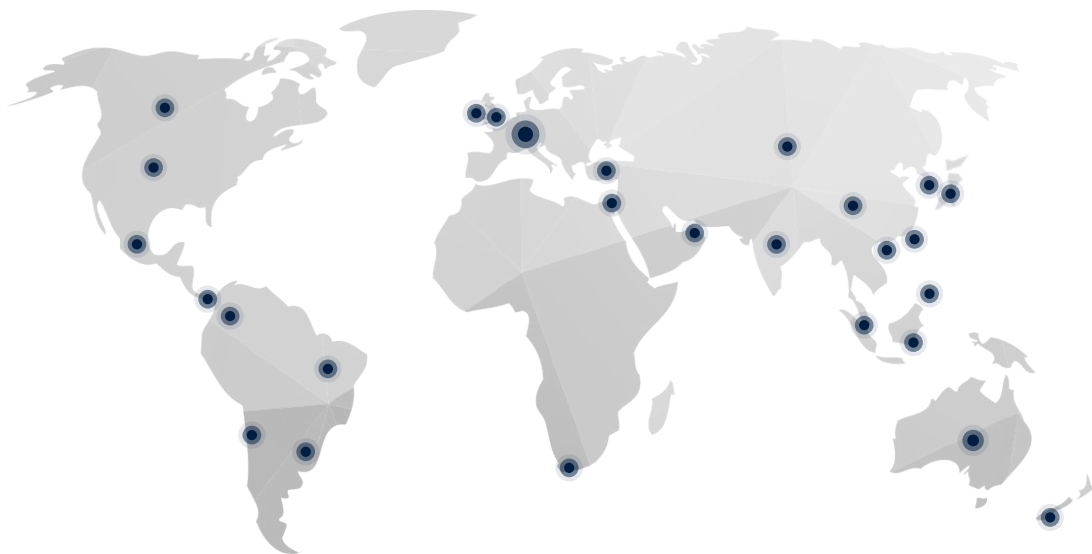
We don't focus on trying to be the best performing fund every year – we aim to meet or exceed our stated objectives to provide members with a smoother path of returns into retirement.



## Investments (continued)

### Where we invest

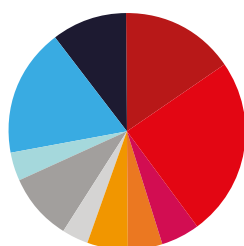
Qantas Super invests globally, across more than 40 countries



As at 30 June 2016, this included:

Australia	Hong Kong	Austria	Taiwan	Indonesia
New Zealand	India	Denmark	Mexico	Chile
United States	China	Netherlands	Israel	Philippines
Canada	Brazil	Norway	Malaysia	Colombia
Japan	South Africa	Singapore	Ireland	Argentina
United Kingdom	Russia	Korea	Turkey	United Arab Emirates
				Panama

### How our investments are allocated by assets



Australian equities 15.5%	Opportunistic growth alternatives (credit) 3.5%
Global equities 24.7%	Defensive alternatives (diversity) 9.3%
Private equities 5.1%	Credit 3.9%
Property 4.8%	Fixed interest 17.5%
Infrastructure 5.7%	Cash 10.1%

## What our investments look like

We invest in a wide range of sectors and businesses through our investment managers. These industries and company names are just examples to illustrate the breadth of our holdings.



- A** Technology & telecommunications eg Apple, China Mobile, China Telecom, Microsoft, Samsung, and Telstra
- B** Retail, health & entertainment eg Basic Fit (gym), China Outfitters, Johnson & Johnson, and The Walt Disney Company
- C** Household products eg Coca Cola, Treasury Wine Estates, and Woolworths

- D** Financial & professional services eg Commonwealth Bank and Seek Limited
- E** Property & transport eg office buildings, shopping centres, Brambles and Boeing
- F** Infrastructure eg Hydreq (hydro-electric scheme), Energo (solar), Japan Solar and Waterloo Windfarm



## How your super is invested

You can actively manage the investment of your super with our range of investment options, by choosing one or a mix of investment options. See pages 32-36 for a list of our investment options. From 1 October 2015 if you don't choose an investment option<sup>1</sup>, your account will be invested automatically in the default option, which is:

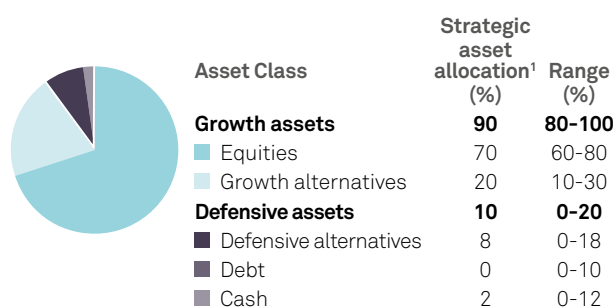
- Glidepath – for accumulation Divisions 3A, 5, 6, 7, 10 and Gateway; and
- Growth – for defined benefit Divisions 1, 2, 3, 4, 12 and 15.

<sup>1</sup> Note: If you're a member of a Qantas Super defined benefit division, investment choice only applies to certain accumulation accounts (please call the Qantas Super Helpline on 1300 362 967 if you'd like more information about this). For Income Accounts in Gateway, no default option applies and you are required to make a choice when completing your application form.

## Investments (continued)

### The Glidepath option – investment stages in detail as at 30 June 2016

#### Take-Off



#### Overview

Designed for investors with a time horizon of at least 10 years, who want an investment portfolio predominantly invested in growth assets, with a medium to high degree of risk.

#### Investment objective

This investment stage aims to:

- achieve a return that exceeds CPI by at least 5% pa over a 10 year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to five in 20 years (or 25% likelihood in each year).

#### Minimum suggested time to invest

10 years.

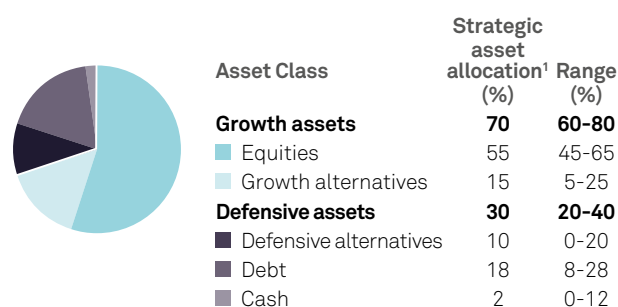
#### Risk level

This investment stage has a medium to high degree of risk (risk band 5).

The estimated number of negative annual returns over any 20 year period is 3.6 years.<sup>2</sup>



#### Altitude



#### Overview

Designed for investors with a time horizon of at least seven years, who want to achieve high returns driven by a large exposure to growth assets, with a medium to high degree of risk.

#### Investment objective

This investment stage aims to:

- achieve a return that exceeds CPI by at least 4% pa over a seven year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to four in 20 years (or 20% likelihood in each year).

#### Minimum suggested time to invest

7 years.

#### Risk level

This investment stage has a medium to high degree of risk (risk band 5).

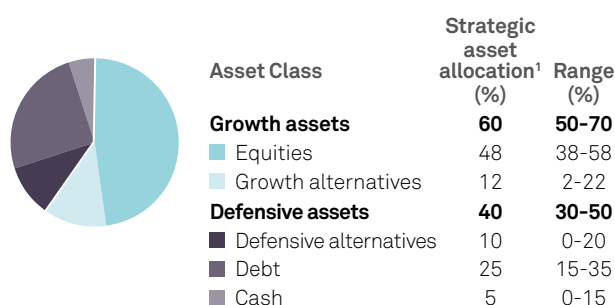
The estimated number of negative annual returns over any 20 year period is 3.1 years.<sup>2</sup>



<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment stage assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

<sup>2</sup> The figure shown is the estimated number of negative annual returns over any 20 year period for this investment stage. This is different to, and should be lower than, the investment objective (which aims to limit the likelihood of negative returns to a specified number of years). Please see the 'Risks of super' section in the *Investment Guide*, available on our website, for more information on the risk level.

## Cruising



### Overview

Designed for investors with a time horizon of at least six years, who want an investment portfolio with growth opportunities, with a medium degree of risk.

### Investment objective

This investment stage aims to:

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

### Minimum suggested time to invest

6 years.

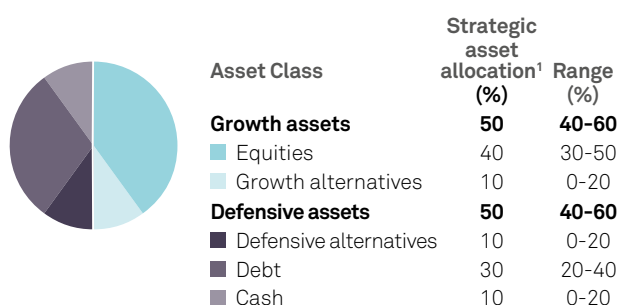
### Risk level

This investment stage has a medium degree of risk (risk band 4).

The estimated number of negative annual returns over any 20 year period is 2.8 years.<sup>2</sup>



## Destination



### Overview

Designed for investors with a time horizon of at least five years, who want an investment portfolio balanced between growth and defensive assets, with a medium degree of risk.

### Investment objective

This investment stage aims to:

- achieve a return that exceeds CPI by at least 3% pa over a five year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to three in 20 years (or 15% likelihood in each year).

### Minimum suggested time to invest

5 years.

### Risk level

This investment stage has a medium degree of risk (risk band 4).

The estimated number of negative annual returns over any 20 year period is 2.4 years.<sup>2</sup>



<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment stage assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

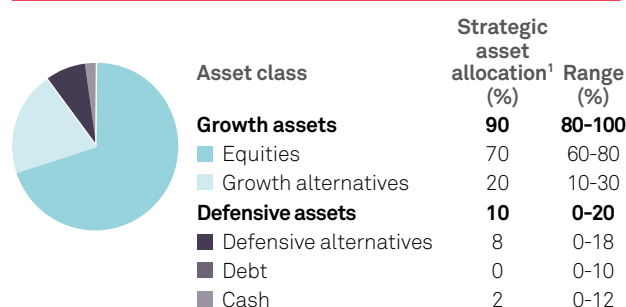
<sup>2</sup> The figure shown is the estimated number of negative annual returns over any 20 year period for this investment stage. This is different to, and should be lower than, the investment objective (which aims to limit the likelihood of negative returns to a specified number of years). Please see the 'Risks of super' section in the *Investment Guide*, available on our website, for more information on the risk level.

## Investments (continued)

### Other investment options in detail

as at 30 June 2016

#### Aggressive



#### Overview

Designed for investors with a time horizon of at least 10 years, who want an investment portfolio predominantly invested in growth assets, with a medium to high degree of risk.

#### Investment objective

This investment option aims to:

- achieve a return that exceeds CPI by at least 5% pa over a 10 year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to five in 20 years (or 25% likelihood in each year).

#### Minimum suggested time to invest

10 years.

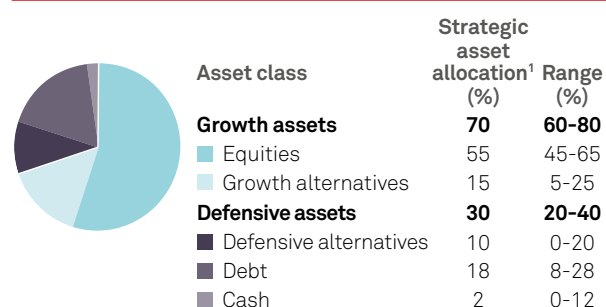
#### Risk level

This investment option has a medium to high degree of risk (risk band 5).

The estimated number of negative annual returns over any 20 year period is 3.6 years.<sup>2</sup>



#### Growth



#### Overview

Designed for investors with a time horizon of at least seven years, who want to achieve high returns driven by a large exposure to growth assets, with a medium to high degree of risk.

#### Investment objective

This investment option aims to:

- achieve a return that exceeds CPI by at least 4% pa over a seven year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to four in 20 years (or 20% likelihood in each year).

#### Minimum suggested time to invest

7 years.

#### Risk level

This investment option has a medium to high degree of risk (risk band 5).

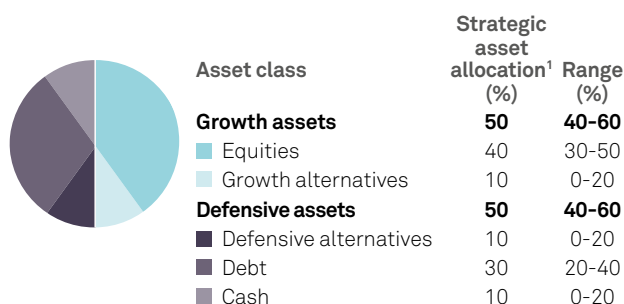
The estimated number of negative annual returns over any 20 year period is 3.1 years.<sup>2</sup>



<sup>1</sup> The strategic 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, but within the ranges indicated.

<sup>2</sup> The figure shown is the estimated number of negative annual returns over any 20 year period for this investment option. This is different to, and should be lower than, the investment objective (which aims to limit the likelihood of negative returns to a specified number of years). Please see the 'Risks of super' section in the *Investment Guide*, available on our website, for more information on the risk level.

## Balanced



### Overview

Designed for investors with a time horizon of at least five years, who want an investment portfolio balanced between growth and defensive assets, with a medium degree of risk.

### Investment objective

This investment option aims to:

- achieve a return that exceeds CPI by at least 3% pa over a five year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to three in 20 years (or 15% likelihood in each year).

### Minimum suggested time to invest

5 years.

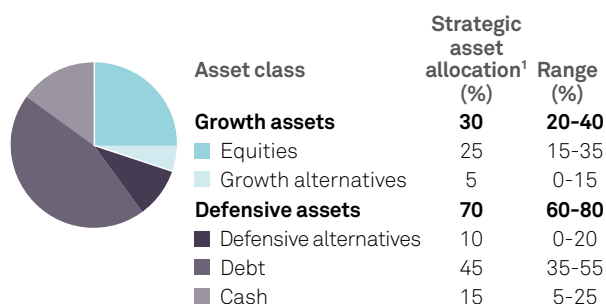
### Risk level

This investment option has a medium degree of risk (risk band 4).

The estimated number of negative annual returns over any 20 year period is 2.4 years.<sup>2</sup>



## Conservative



### Overview

Designed for investors with a time horizon of at least three years, who want stable, modest returns, with a relatively low-to-medium likelihood of negative returns.

### Investment objective

This investment option aims to:

- achieve a return that exceeds CPI by at least 2% pa over a three year period, after tax and investment fees; and
- limit the likelihood of a negative annual return to two in 20 years (or 10% likelihood in each year).

### Minimum suggested time to invest

3 years.

### Risk level

This investment option has a low to medium degree of risk (risk band 3).

The estimated number of negative annual returns over any 20 year period is 1.7 years.<sup>2</sup>

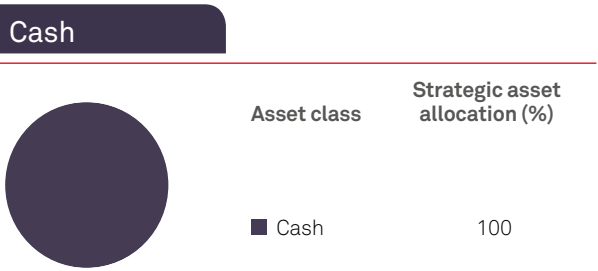


<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

<sup>2</sup> The figure shown is the estimated number of negative annual returns over any 20 year period for this investment option. This is different to, and should be lower than, the investment objective (which aims to limit the likelihood of negative returns to a specified number of years). Please see the 'Risks of super' section in the *Investment Guide*, available on our website, for more information on the risk level.



## Investments (continued)



**Overview**

Designed for investors who want exposure to cash and short-term money market returns. The risk of negative returns is very low. The returns are expected to reflect liquid cash returns available in the market.

**Investment objective**

This investment option aims to:

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

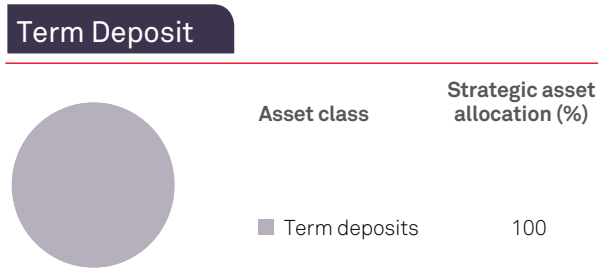
**Minimum suggested time to invest**

No minimum time applicable.

**Risk level**

This investment option has a very low degree of risk (risk band 1).

The estimated number of negative annual returns over any 20 year period is nil.<sup>1</sup>



**Overview**

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

**Investment objective**

The Term Deposit option invests 100% in Term Deposits 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**

This investment option has a very low degree of risk (risk band 1).

The estimated number of negative annual returns over any 20 year period is nil.<sup>1</sup> There are restrictions on early withdrawal from this investment option.



<sup>1</sup> Please see the 'Risks of Super' section in the *Investment Guide*, available on our website, for more information on the risk level.

## 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)

### Performance history

Investment returns are shown below for each of Qantas Super's investment options for the 2015/2016 financial year.

#### Super

Returns to 30 June 2016 (%p.a.)

Investment option	1 year	5 years	10 years	Since inception <sup>1</sup>
Aggressive	0.44	7.76	5.01	6.31
Growth	1.10	6.76	4.86	5.91
Balanced	1.25	6.15	4.99	5.68
Conservative	1.79	4.96	4.67	4.98
Cash	1.85	2.60	3.54	3.65
Glidepath				
– Take-Off	–	–	–	1.77
– Altitude	–	–	–	1.68
– Cruising	–	–	–	1.25
– Destination	–	–	–	1.30

<sup>1</sup> Since inception returns are for the period from the investment option's commencement date. The Glidepath option commenced from 1 October 2015. The Aggressive, Growth, Balanced, Conservative and Cash investment options commenced from 1 April 2005. The Growth Essentials option ceased on 30 September 2015. The returns for the 1, 5 and 10 year periods to 30 September 2015 for Qantas Super's Growth Essentials option were 4.57% p.a., 7.49% p.a. and 5.46% p.a. respectively.

#### Retirement (Gateway Income)

Returns to 30 June 2016 (%p.a.)<sup>1</sup>

Investment option	1 year	5 years	10 years	Since inception <sup>2</sup>
Aggressive	0.59	8.94	–	4.17
Growth	1.13	7.70	5.60 <sup>3</sup>	–
Balanced	1.29	7.02	–	4.92
Conservative	1.92	5.69	–	5.13
Cash	2.13	3.06	–	3.98
Glidepath				
– Take-Off	–	–	–	1.78
– Altitude	–	–	–	1.71
– Cruising	–	–	–	0.78
– Destination	–	–	–	1.32

<sup>1</sup> Since 1 October 2015, Qantas Super's retirement solution for members has been offered in our Gateway division (previously offered in Divisions 9 and 14). Returns shown are based on the returns of the corresponding investment options previously available through Division 9.

<sup>2</sup> Since inception returns are for the period from the investment option's commencement date. The Glidepath option commenced from 1 October 2015. The Aggressive, Growth, Balanced, Conservative and Cash investment options commenced from 1 July 2007 for Qantas Super's retirement offering. Prior to 1 July 2007, member's accounts were invested in the investment strategy underpinning the Growth option (and so a 10 year return is available for the Growth option). A since inception return is only shown if a 10 year return is not yet available.

<sup>3</sup> The 10 year return for the Growth option is based on the returns of the Growth option from 1 July 2007 to 30 June 2016 and the return on the investment strategy underpinning the Growth option for the period prior to 1 July 2007.

#### Important information

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

Returns shown are average annual returns and are not the actual returns you've received on your super in each investment option or in Qantas Super. The actual investment return for your super will depend on the period of time you were invested in an investment option and the timing of transactions in and out of your account.

Past performance is not a reliable indicator of future performance.

## The cost of managing your investment

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

### Actual fees for 2015/2016

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

Investment option	Actual base fee (% p.a.)	+	Actual performance-based fee (% p.a.)	=	Actual investment fees (% p.a.)
<b>Glidepath</b>					
– Take-Off	0.43%		0.09%		0.52%
– Altitude	0.42%		0.10%		0.52%
– Cruising	0.40%		0.11%		0.51%
– Destination	0.39%		0.10%		0.49%
<b>Aggressive</b>	0.43%		0.09%		0.52%
<b>Growth</b>	0.42%		0.10%		0.52%
<b>Balanced</b>	0.39%		0.10%		0.49%
<b>Conservative</b>	0.36%		0.12%		0.48%
<b>Cash</b>	0.16%		0.00%		0.16%

### Estimated fees for 2016/2017

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

Investment option	Estimated base fee (% p.a.)	+	Estimated performance-based fee (% p.a.)	=	Estimated investment fees (% p.a.)
<b>Glidepath</b>					
– Take-Off	0.44%		0.18%		0.62%
– Altitude	0.43%		0.16%		0.59%
– Cruising	0.41%		0.16%		0.57%
– Destination	0.40%		0.14%		0.54%
<b>Aggressive</b>	0.44%		0.18%		0.62%
<b>Growth</b>	0.43%		0.16%		0.59%
<b>Balanced</b>	0.40%		0.14%		0.54%
<b>Conservative</b>	0.37%		0.13%		0.50%
<b>Cash</b>	0.17%		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 investment 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 Qantas Super's audited abridged financial statements for the financial year ending 30 June 2016. Our full audited financial statements and the auditor's report for the year ended 30 June 2016 will be available on our website by 31 December 2016. 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 2016 (\$ million)	As at 30 June 2015 (\$ million)
Investments (at Net Market value)	6,939.3	7,006.9
<b>Plus</b>		
Other assets	22.3	50.5
<b>Less</b>		
Other liabilities	60.6	81.2
<b>Net assets available to pay benefits</b>	<b>6,901.0</b>	<b>6,976.2</b>

### Abridged statement of changes in net assets

	Year ending 30 June 2016 (\$ million)	Year ending 30 June 2015 (\$ million)
Plan at the start of the year	6,976.2	6,850.1
<b>Plus</b>		
Company contributions	266.8	267.4
Member contributions	43.9	55.2
Government co-contributions	0.2	0.3
Low income super contributions	0.4	0.4
Transfers from other plans	32.6	51.6
Transfer from Australian Air Express	0.3	50.4
Investment and other income	96.6	547.2
<b>Less</b>		
Benefits	429.6	696.3
Administration expenses <sup>1</sup>	10.2	10.1
Actuarial fees	0.6	0.5
Regulatory fees	0.8	0.9
Project expenses	0.7	0.8
Insurance <sup>2</sup>	25.0	19.2
Other general expenses	—	0.3
Investment expenses	32.0	48.0
Income tax	17.1	70.3
<b>Plan at the end of the year</b>	<b>6,901.0</b>	<b>6,976.2</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.

## 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.

The AFP is reviewed as part of the triennial actuarial review of the Plan which is currently underway and will be finalised by 31 December 2016.

For the year ending 30 June 2016 Qantas Airways Limited contributed \$3.3 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.

The reserves are invested in line with the investment strategy for the assets supporting the defined benefit liabilities of the Plan and the adequacy of the reserves is monitored and regularly reviewed by the Plan actuary.

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 2016 will be available on our website by 31 December 2016.

	Investment Fluctuation Reserve (\$'000) <sup>1</sup>	Disability Reserve (\$'000) <sup>2</sup>	Other Insurance Reserves (\$'000) <sup>2</sup>	Foregone Benefits Reserve (\$'000) <sup>3</sup>	Operational Risk Reserve (\$'000) <sup>4</sup>
<b>Reserve 30 June 2013</b>	(7,725)	56,247	–	542	–
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>	–	18,447	13,356	–	5,510
<b>Reserve 30 June 2014</b>	–	<b>18,447</b>	<b>13,356</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>	–	12,750	8,235	–	11,516
<b>Reserve 30 June 2015</b>	–	<b>12,750</b>	<b>8,235</b>	–	<b>11,516</b>
Amounts allocated during year	–	928	(4,317)	296	–
Transfers during year	–	335	1,829	(282)	6,526
<b>Reserve 30 June 2016</b>	–	<b>13,343</b>	<b>5,747</b>	<b>14</b>	<b>18,042</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 in 2013, 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 2016 the balance was \$44,000 and a distribution to members of 0.02% of salaries has been made.

<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

There were no changes to the Trust Deed and Rules in 2015/16.

## 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 2015/2016 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.

Upon ceasing employment with the Qantas Group, Qantas Super members will automatically become retained members within our Gateway division. There is a minimum balance requirement of \$5,000 for retained members. This requirement will generally be tested no sooner than 45 days after you become a retained member in Gateway. If your account balance is below \$5,000 at that time, we will transfer your benefit out of Gateway into Qantas Super's nominated ERF. We may also do so if your account balance falls below \$5,000 at any subsequent time.

Qantas Super's nominated ERF is AUSfund and we can transfer benefits in Qantas Super to AUSfund without consent. 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).

### Trustee liability insurance

We maintain trustee liability insurance to indemnify the Trustee Directors, the Trustee, the Plan and, in some circumstances, Qantas Airways Ltd, 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 Super respects the privacy of your personal information and is committed to complying with 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 2015/2016, 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 26

#### 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 administers the Qantas Super Plan and provides a variety of information to members through publications like the annual report, annual benefit statement, newsletters and the website. The Trustee also responds 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)