



# Annual Report 2016/2017



Qantas Super members Alex Kos, James Watson, Elise Whittaker, Gary Abood and Xenia Spanicek joined the Qantas Super CEO in a new ad.

Qantas Super, which is part of the Qantas Group, employs Mercer Outsourcing (Australia) to carry out activities such as managing our call centre and administering member accounts. Mercer asked us to take part in their new ad series which describes how they work with organisations like Qantas Super to help us serve our members.

You can watch it online at [www.qantassuper.com.au/news/qantas-super-members-star-new-ad/](http://www.qantassuper.com.au/news/qantas-super-members-star-new-ad/)

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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

Welcome to the 2016/2017 Annual Report.

Qantas Super exists to serve you, the members, and to help you be confident in your financial future so you can enjoy your retirement. This year, we reiterated our goals to serve you by:

- providing you with more information, education, guidance and advice so you can be confident in your financial future;
- doing what we can to help you improve the amount of your likely income in retirement; and
- ensuring our products and services are competitive.

During the year we conducted the biggest membership survey in our history. We asked you for your thoughts about what we offer you, including our products, member services and a range of other questions about your super. As you'll see later in this annual report, we have listened to your feedback and developed a range of initiatives to continue to improve what we deliver. We'll continue to conduct regular surveys to gather your views – and we really welcome your feedback to help us do better.

In 2016/2017, Qantas Super also implemented a host of significant regulatory changes made by Australia's Federal Parliament. We emailed members

with updates about key changes to the law involving super, retirement, housing affordability, income tax, the Medicare levy, and the Aged Pension. We also outlined the impacts of these changes, to help you better understand what they mean, and suggested actions members could consider.

During the year we also engaged directly with more than 1,900 members across Australia through our seminar programs, member seminars, the continued roll-out of pop-up information booths, and a roadshow to regional and capital cities. Our focus on improving financial education continues with the introduction of educational videos on our website (such as 'Super Coach' and our investment updates), and we launched Qantas Super Fit, a 24x7 online education program. We also created a 'Welcome to the Qantas Super family' microsite for new Qantas Group employees.

The Qantas Super Trustee Board governs the plan on your behalf, ensuring the fund operates within the guidance of the Trust Deed and Rules, as well as relevant legislation. One of the benefits of being a member of Qantas Super is that the Trustee Board is comprised of five directors who are directly elected by our members, and five directors who are nominated by the Qantas Group.



**Anne Ward**  
Chair

During the past year:

- Mark Thorpe, A330 First Officer, was re-elected by pilots (Group A);
- Bruce Roberts, Customer Service Manager, was elected by flight attendants (Group B); and
- Rachel Yangoyan, Executive Manager, Loyalty Services was appointed by the Qantas Group to replace Russell Macfarlane.

These changes represent a healthy renewal of directors and add to the skills and the diversity of the Board. I would like to thank all my Board colleagues for their guidance and support over the past 12 months.

Together with the Qantas Super management team, we look forward to continuing to work on being the super fund of choice for you as current or former employees of the Qantas Group.

**Anne Ward**  
Chair



# Message from the CEO



**Michael Clancy**  
Chief Executive Officer

The 2016/17 financial year has been a fascinating period in terms of important political events on the world stage. We watched as the US elected Donald Trump as President, the UK voted to withdraw from the European Union and then nearly unseated its incumbent Prime Minister Theresa May. Closer to home Australia's Federal Parliament worked through a range of issues at a relatively slow pace. Terrorist attacks, natural disasters, and simmering trouble between North Korea, China and the US are daily news headlines.

These events often resulted in movements in investment markets, up and down, and this year was no different. However, their impact on investment markets was generally short lived. Although much less attention grabbing from a daily news cycle perspective, the more important medium to long term drivers of investment markets reasserted themselves over 2016/17; things like company profitability, rates of employment, productivity, interest rates, and inflation expectations.

In fact, 2016/17 turned out to be a far stronger year for investment markets than was anticipated 12 months ago. The financial year saw a complete reversal of the previous 12 months, with growth assets, such as listed equities and property, significantly outperforming defensive assets, such as government bonds and cash. Listed equity markets, both in Australia and globally, were by far the star performers for the year ended 30 June 2017, with both delivering double digit returns of 13.8% and 15.3% respectively. Within global equity markets, emerging market equities performed particularly well, delivering a 20.1% return for the year. Other asset classes, such as property, infrastructure, and private equity also delivered healthy positive returns.

Ironically, the problem with listed equity markets performing so well is that these kinds of returns are higher than we'd expect in the long run, and probably won't remain so strong in the future. We'll take these returns when they're served up, but we know that the first and most important rule of investing is not to lose money. This "safety first" approach to investing is hard wired into how we manage our members' superannuation assets. I'm pleased to report that our investment options have performed well over their investment time horizons, and the defined benefit divisions of Qantas Super are well funded. By way of example, the Growth investment option has delivered an annualised return of 7.7% over the past 7 years, versus its CPI+4% (or 6.1%) return objective, which represents annualised outperformance of 1.6% per year.

In other news, we've ramped up our efforts to improve our investment, insurance, education, and advice solutions for you.

We've also migrated the communication materials we provide to members to be easier to read, more tailored to individual circumstances, and delivered electronically, and so, more quickly. For example, we've sent emails to members on major world events such as the US election and Brexit, comprehensive information about regulatory changes, and outlined actions you could consider to make the most of your superannuation entitlements.

We strongly encourage you to build your knowledge about your superannuation benefits. Your superannuation is your money, and the earlier you understand how it works, the more time you have to make a difference to the level and sustainability of your lifestyle in retirement. Your future self will thank you!

A stylized, handwritten signature of Michael Clancy in black ink.

**Michael Clancy**  
Chief Executive Officer

# Key achievements

## in 2016/2017



### Strong returns in 2016/2017

This was a good year for members, with Qantas Super delivering strong returns across the board.

For super accounts, the Aggressive, Growth and Balanced investment options delivered strong returns for the year, returning 10.9%, 9.3% and 7.1% respectively – their strongest performance in three years.

On the Glidepath front, Take-Off and Altitude performed well in their first full year, returning 10.9% and 9.3% respectively, Cruising stage returned 8.4%, and Destination returned 7.1%. For income accounts, returns were slightly higher due to tax concessions.

The key contributors to these strong returns were listed equity market returns. Our Australian equities portfolio was up 13% and our global equities (unhedged) portfolio up by 15.4% over the year.

Our infrastructure and property holdings also did well, with the real assets portfolio returning 8.4% over the year. These assets can play a valuable role in your super portfolio, potentially providing a stable income when markets are turbulent and interest rates are low.

We have also paid careful attention to costs, working to keep portfolio turnover low. That's important, because it helps make sure your money isn't frittered away in unnecessary transaction costs.

### How we performed against our objectives



Both the Balanced and Growth investment options performed strongly over their investment time horizons, outperforming their return objective by +2.0% p.a. and +1.6% p.a. respectively. This is a good result. The Conservative option marginally outperformed its return objective by +0.1% p.a. over its stated investment time horizon. The Aggressive option, which has a 10 year return objective, continues to be burdened by the negative returns experienced in the 2008 Global Financial Crisis.

▶ Visit [qantassuper.com.au/news/investment-returns-take-off-fy-2017](http://qantassuper.com.au/news/investment-returns-take-off-fy-2017)



**We're listening to you**

Throughout this section, you'll see the icon to show you where we've listened and responded.



## How far will your super go?



You never know how much money you will need.

Division 3 member

It's hard to say how much money you'll need when you retire because you can't predict how long you'll live or what your needs will be.

But we **can** help you understand how long your super might last based on your current behaviour.

So last year, we ran a trial of a document called the retirement income projection statement – to some Gateway members with their 2016 member statement.

This statement showed how long your super might last after you stop working, the chances of you outliving your super and what difference you could make by putting in regular amounts now.

We've since rolled it out to other members in 2017.

## Key achievements in 2016/2017 (continued)

### Listening to you, acting on your feedback



I don't think you do enough to talk with members, listen to their concerns and questions.  
Division 3 member

In November 2016, we ran the most comprehensive survey of members in the history of Qantas Super to help us understand your experience with us and your satisfaction with what we offer.

About 2,700 of you took part in the *Voice of the Member* survey, giving us your views about our service and performance, how easy it was to do business with us, and your confidence in your financial future. We followed it up with another member-wide survey in March, and since then have been running pulse surveys to gather your input on various topics, such as our brand, and insurance.

Your feedback is helping us work on initiatives to improve our service to you, and to help build your confidence in your financial future.

Tell us what you think for  
**your chance to win**

Qantas  
epiQure  
Q QANTAS CASH

Terms and conditions apply.  
Eligible members only.  
Authorised under NSW Permit Number LTPS/16/06456



#### We offered prizes to say 'thank you'

As a 'thank you' for participating in the survey, we drew the names of five members.

**First prize:** epiQure vouchers worth \$500 went to S. Smith

**Runner-up prizes:** \$100 loaded onto Qantas Cash went to G. Lee, J. Hayward, J. Branighan, and C. Steel.

### Bringing your super to life



Make [super] more relevant, show real life stories of how money is being invested.  
Gateway member

Last year we developed a microsite aimed at bringing your super to life, and showcasing highlights of the 2015/2016 year. We used video, pop-up boxes, and innovative techniques such as animation to explain your super investments and make the learning much more interesting.

From this we also developed a video that explains how super can be invested, for example, in companies such as Apple, China Telecom, Johnson & Johnson, renewable energy through Japan Solar, Hydreco, Coca Cola, Boeing, office building and shopping centres.



▶ Visit [highlights.qantassuper.com.au](https://highlights.qantassuper.com.au) or [qantassuper.com.au/investments/what-investing-through-super-could-look-like/](https://qantassuper.com.au/investments/what-investing-through-super-could-look-like/)



## Get smarter with **Qantas Super Fit**

Offer education and more explanation in the product.

Division 3 member



Education that is unbiased would be a great addition...

Gateway member

In the *Voice of the Member* survey, you told us you wanted to know more about superannuation so we partnered with online financial education company, Money101, to develop **Qantas Super Fit**, a learning program that will help you grow your knowledge.

We launched Qantas Super Fit in June 2017. It contains 20 modules covering general superannuation and related topics such as wealth-building. It's been written at arms' length so you get general information, and where relevant, we've included references to Qantas Super so you can see how it works in practice. There are videos, activity sheets and links to key sites.

Qantas Super Fit is designed to allow you to work through it at your own pace, at a time that suits you – whether you're on a layover with time to spare, or in your lunch break, or heading home on a flight, bus or train after a busy shift.

There are 20 modules across the suite, covering money and life, super 101,

investing, protecting your wealth, and life after work. Topics include building good money habits, contributing to super, separation and divorce, women and super, defined benefits, financial planning, funding retirement, and aged care as part of your retirement plan.

Money101 CEO, Catherine Birchall, said: "We're very pleased to be partnering with Qantas Super to help members understand more about super and wealth generation in general. We believe that everyone has the capacity to make smarter financial decisions – and everyone should be empowered to do so. We're making this a reality every day by developing pitch-perfect financial education content and delivering amazing online learning experiences. We're particularly proud of the work we've done with Qantas Super, and hope that members find it a useful tool to build their confidence in financial matters."

▶ Visit [qantassuperfit.money101.com.au](http://qantassuperfit.money101.com.au)

## **Working** with our partners, for you

Five Qantas Super members and the Qantas Super CEO featured in an ad for one of our partners.

At Qantas Super, which is part of the Qantas Group, we employ Mercer Outsourcing (Australia) to carry out activities which includes managing our call centre and administering member accounts. Mercer asked us to take part in their new ad series which describes how they work with organisations like ours to help us serve our members.

The ad features five members across tech crew, cabin crew and ground staff – Alex Kos, James Watson, Elise Whittaker, Gary Abood and Xenia Spanicek – as well as the CEO, Michael Clancy who's also a member of Qantas Super.

It focuses on 'a different kind' of relationship – one in which we work with Mercer for the benefit of our members.

The ad was filmed at our campus at Mascot, and has appeared in Qantas Club lounges, valets, more than 250 lifts in selected buildings across Melbourne, Sydney and Brisbane, and online media.





## Key achievements in 2016/2017 (continued)

### We're coming **your way**



The fund should actively hold education days.  
Gateway member

In 2016/2017, we continued to roll out super seminars and pop-up information booths, and met face-to-face with almost 1900 members in airports in capital cities, like Perth, Hobart, Brisbane, Melbourne and Sydney, as well as regional centres, like Tamworth and Cairns. We helped with general questions about insurance, nomination of beneficiaries, tools and how to use the website.

We also ran a trial of a workplace advice program, Qantas Super Monday, at the Jetbase in Sydney. We held seminars and facilitated one-on-one advice sessions for members who were considering retiring. This program proved so popular, we've extended this trial to Sydney and Melbourne. As part of the program, members will be able to have face-to-face advice sessions about topics such as boosting super, choosing an appropriate investment option, level of insurance cover, and retirement options with a Mercer adviser.

We also continued to take part in Qantas company-wide activities, including Safety Week in October and International Women's Day on 8 March 2017. We held a series of mini-seminars at Mascot campus about financial wellbeing and setting financial goals (supplemented by a financial wellbeing and 'how to' budget video). Support packs containing links to relevant materials were distributed to other locations through the Qantas Diversity team.



Member Gordon Philpot



Member Georgina Carter (right) with Qantas Super coordinator, Simone D'Souza



#### How did International Women's Day mini-seminars perform?

**95%** said the seminar was somewhat valuable to very valuable  
**91%** of Members said they felt more confident that they had skills to help them improve their financial future.

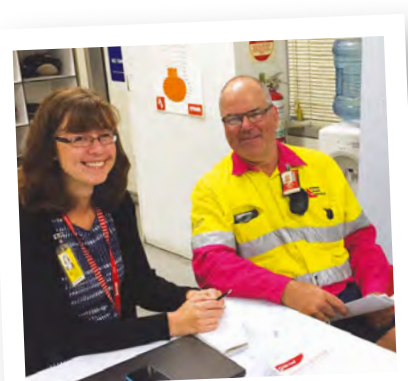


Perhaps offer more informal info sessions for members to "drop in" for a chat (eg locate a rep at the airport – from time to time – so shift workers & commuters have easy access to communicate face to face).

Division 2 member



Bryony Crouch from Best Doctors explained the free medical service to members at pop-up information booths in Sydney, Melbourne and Brisbane.



Member Owen Tomkins with Emma Brodie, Qantas Super's Senior Manager, Product & Insurance



## Telling you more, as it happens



Offer information on government policies in regards to super to keep abreast of changes.

Division 3 member

In November 2016, the Federal Government's superannuation package – unveiled in the May budget – was passed through parliament and became law. Most changes came into effect on 1 July 2017. Main measures were: a \$1.6 million cap on the amount that can be transferred to a superannuation pension account; a reduction in the annual concessional contributions cap to \$25,000; a reduction in the annual cap on non-concessional contributions to \$100,000; and a lowered income threshold of \$250,000 at which individuals pay 30% tax on their concessional contributions.

We communicated about these changes in a range of different ways, including a general email to all members with a summary of the changes and impacts,

tailored emails sent to members who were more directly impacted by the changes, and phone calls to a group of members who faced the greatest impact.

In April 2017, we sent an email campaign to members who are still employees of Qantas about the reduction in contribution caps from 1 July 2017, and also asked them to consider starting or increasing salary sacrifice contributions before that date.

In May 2017, the Federal Government handed down its 2017/18 Budget, and we emailed you with a link to a page containing information about super, retirement and housing affordability; income tax and Medicare levy and Aged Pension and Government Support. We also set out impacts and options for you to consider in light of the changes.



And in June 2017, we emailed reminders about the upcoming 1 July super changes so you were prepared.

We also started sending information about major world events, such as the election of Donald Trump to the US presidency, to provide perspective on the market reactions.

## We introduced 'Super Coach' and other videos



I'm just not really that educated on super and it would be nice if there was an easy way to understand information about it, perhaps like a video explaining how it all works...

Gateway member

We started producing more videos with an investment-related focus, with market insights and observations from Chief Investment Officer Andrew Spence.

We also introduced 'Super Coach' videos on topics such as budgeting, estate planning and financial wellbeing.

This is the start of an ongoing series of videos designed to give you insights into super-related topics.

We also uploaded two videos – one explaining how insurance works, the other outlining the Best Doctors service. You'll find these videos on our website.

▶ Visit [qantassuper.com.au/learn-more/videos/](http://qantassuper.com.au/learn-more/videos/)

## Key achievements in 2016/2017 (continued)

### 'Bring your super home' campaign



[Have] not really looked into the super, am at a stage where I need to consolidate a number of funds.

Gateway member

In 2017, we sent members an email invitation to let us look for their other super accounts so they could decide if they wanted to bring them together, and potentially save on fees. For the members who responded, we searched Australian Taxation Office super records for any other super accounts that might belong to them.

During this campaign, 1,019 accounts, totaling \$16.9 million, were rolled over into Qantas Super.



### First group of members moves through **Glidepath**

The first group of members transitioned to their next investment stage in Glidepath.

As a result of analysis that showed the average age of members in the 1950-1954 age group had reached 64, the investment stage for this group changed from Cruising to Destination.

▶ Visit [www.qantassuper.com.au/news/first-group-members-moves-glidepath](http://www.qantassuper.com.au/news/first-group-members-moves-glidepath)

### Paying for **financial advice** from super



If you're in Divisions 3A, 5, 6, 7, 10 or Gateway (including Incomes Accounts), can now pay for financial advice about your Qantas Super account straight from your super.

All you need to do is get your financial adviser to issue an invoice for the amount of advice relating to your Qantas Super account and complete the Advice fee deduction form available on our website. We'll deduct the fee from your super account and send it straight to your adviser.



### Welcoming new Qantas employees

We developed a microsite that welcomes people who are joining the Qantas Group, and launched it in line with the introduction of Workday, the new Qantas onboarding platform.

▶ Visit [welcome.qantassuper.com.au](http://welcome.qantassuper.com.au)

## Other changes

Date	Topic	Applicable divisions / Members
October 2016	Significant Event Notice	All members
	■ Changing the way we keep in touch	
	■ Changes to rules for automatic transfer out of Qantas Super	
	■ Aligning waiting periods for income protection cover	
	■ Change to terminal illness definition	
October 2016	Super Update	Members aged 55 and over
October 2016	Super Update	Members aged 54 and under
October 2016	■ Annual report 2015/2016	All members
	■ Highlights dedicated site	
December 2016	■ Proposed super reforms are now law	All members
	■ Annual report and highlights site live	
	■ Pension payments – changes to assets test from 1 Jan 2017	

# Your Board of Directors

as at 30 June 2017

## 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 Insurance Committee
- Member of Remuneration Committee

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

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

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

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

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

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





### Cecilia Ho

Treasurer Risk Management,  
Qantas Airways Ltd

- Member of Audit & Risk Committee
- 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\$3bn-plus p.a. exposure to jet fuels price risk, foreign currency risk including Qantas Airway's US\$9bn committed capital expenditure program and its operating revenues earned in more than 80 countries, interest rate risk on the Group's A\$5.2bn of net debt and A\$4bn of off-balance sheet operating leases, as well as a cash balance and liquidity of more than A\$3bn.

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

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

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



### Andrew Monaghan

Executive Manager Employee Relations,  
Qantas Airways Ltd

- Chair of Audit & Risk Committee
- Member of Member Experience 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.

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

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



### Rachel Yangoyan

Executive Manager Loyalty Services,  
Qantas Airways Ltd

- Chair of Member Experience Committee
- Member of Audit & Risk Committee

Rachel joined Qantas in 2003 and was appointed to the Qantas Super Board effective 10 November 2016.

She is the Executive Manager Loyalty Services, and is responsible for loyalty program design, member engagement strategies and its retail businesses including the Qantas Frequent Flyer reward Store, Qantas epiQure and Vii gift card processing.

Trained as a Chartered Accountant, Rachel commenced her career at Ernst and Young in audit and first joined Qantas in 2003 in the internal audit department.

Rachel has held a range of positions throughout her time at Qantas including strategy, transformation, revenue management, customer segmentation, operations and airport contracts.

Rachel holds a Bachelor of Business and is a qualified Chartered Accountant.

## 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 to the Qantas Super Board on 12 June 2008.

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

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

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



**Bruce Roberts**

Customer Service Manager (Group B)

- Member of Insurance Committee
- Member of Member Experience Committee

Bruce was elected to the Board on 30 September 2016.

He's been a flight attendant with Qantas Airways Ltd since 1995, and is now a Customer Service Manager in international.

Bruce was elected Vice President of the Flight Attendants Association of Australia – International in 2016.

He's also an in-shift supervisor for the Lifeline phone room and a human services worker for Uniting child and youth services. Previously he volunteered as a telephone counsellor with Lifeline Melbourne.

Bruce holds a Bachelor of Psychology (Honours) through Charles Sturt University, and an Associate Diploma of Business through RMIT. Bruce holds a strong interest in mental health and how it relates to personal finance. His Honours thesis explored correlations between psychometric measures, personal debt and debt related stress.



**John Sipek**

Aircraft Maintenance Engineer (Group C)

- Member of Insurance Committee
- Member of Member Experience Committee

John was first elected 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 a board member of the Australian Croatian Community Service, 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.



### Kash Gillies

Senior Leading Aircraft Mechanical Engineer  
(Group D)

- Member of Member Experience 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.

Note: Kash retired as Director in October 2017 after 15 years. His replacement, Luke Murray, was elected on 20 October 2017.



### Greg Manning

Group Treasurer (Group E)

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

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

Greg has more than 20 years' experience in accounting and treasury-related roles, and is currently Group Treasurer of Qantas Airways Limited. As Group Treasurer, Greg is responsible for risk management, funding and insurance for the airline. This includes management of Qantas Group's ~A\$3bn -plus p.a. exposure to jet fuels price risk, foreign currency risk including Qantas Airway's US\$9bn committed capital expenditure program and its operating revenues earned in more than 80 countries, interest rate risk on the Group's A\$5.2bn of net debt and the Group's liquidity settings. Greg's experience includes accounting, structured asset finance, US bond issuance, syndicated bank markets, export credit agency financing, secured commercial debt, transactional banking and managing the Group's risk management.

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 SPG 510.

The Qantas Super Board schedules four formal meetings a year, but meets more frequently if required. In 2016/2017, the Board met nine times (including three circular resolutions). The Board's purpose is to:

- Approve the strategic plan and annual business plan;
- Provide strategic guidance to the management of Qantas Super;
- Approve Qantas Super's overall risk appetite and monitor the effectiveness of the Risk Management Framework;
- 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 2017

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

Members: Paul Costello (Chair), Kash Gillies, Cecilia Ho, Russell Macfarlane (until 10 November 2016), Greg Manning, Craig Pagden (until 5 September 2016), 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 Qantas Super'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), Paul Costello (from 2 December 2016), Russell Macfarlane (until 10 November 2016), Geoff McRae (external member), Bruce Roberts (from 2 December 2016) and John Sipek.

Jenni Baxter is alternate for Geoff McRae and Cecilia Ho is alternate for John Sipek.

### Member Experience 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 Qantas Super's administration services to members;
- Oversee the management of the financial advice offering; and
- Oversee the management of relevant outsourced service providers.

Members: Rachel Yangoyan (appointed 9 December 2016 and Chair from 2 June 2017), Kash Gillies (Chair until 2 June 2017), Andrew Monaghan, Craig Pagden (until 5 September 2016), Bruce Roberts (from 9 December 2016) and John Sipek.

## Corporate governance (continued)

### Audit & Risk Committee

Its purpose is to:

- Provide an objective non-management review of the effectiveness of financial reporting and Risk Management Framework;
- Oversee and manage the Risk Management Framework, financial and tax management frameworks;
- Oversee and manage APRA statutory reporting and other financial reporting requirements;
  - Oversee and manage professional accounting requirements;
  - Oversee and manage internal controls and systems;
  - Oversee and manage internal controls and systems;
- Oversee and manage 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 and the internal and external audit process.

Members: Andrew Monaghan (Chair from 14 October 2016), Russell Macfarlane (Chair until 14 October 2016 and member until 10 November 2016), Cecilia Ho (from 11 September 2016), Greg Manning, Craig Pagden (until 5 September 2016) and Rachel Yangoyan (from 7 December 2016).

### Remuneration Committee

Its purpose is to:

- Guide the development and implementation of coherent remuneration, talent and performance management policies and practices;
- Oversee the development and implementation of the People Management Framework and the Remuneration Policy;
- Conduct a regular review of the People Management Framework and the Remuneration Policy including recommendations to the Board in relation to that 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.

### Nominations Committee

The Board established the Nominations Committee on 2 June 2017. The Committee did not meet during the year ended 30 June 2017.

Its purpose is to:

- Oversee the development of coherent policies and practices to implement governance arrangements in relation to the selection and appointment of Directors in accordance with the Board Composition Renewal and Performance Assessment Policy and the Rules for the Nomination, Appointment and Removal of Directors;
- Review all nominations for appointment as a Director and candidates for election, including all fit and proper assessments;
- Oversee processes and resolve disputes regarding the nomination, appointment, re-appointment and removal of Directors;
- Review and approve all ongoing fit and proper assessments in respect of Directors and the Board as a whole;
- Monitor and assess the aggregate skills and capabilities of the Board as a whole;
- Plan for the orderly renewal of the Board over time; and
- Conduct a regular review of the Fit and Proper Policy and its effectiveness,

Members: Anne Ward (Chair), Andrew Monaghan and Bruce Roberts were appointed on 21 August 2017.

## Directors' meetings

	Qantas Superannuation Limited Board		Audit & Risk Committee <sup>1</sup>		Insurance Committee <sup>1</sup>		Investment Committee <sup>1</sup>		Member Experience Committee <sup>1</sup>		Remuneration Committee <sup>1</sup>	
Directors	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>	Attended	Held <sup>2</sup>
Anne Ward	9	9	–	–	–	–	5	5	–	–	4	4
Paul Costello	8	9	–	–	1	3	5	5	–	–	4	4
Kash Gillies	9	9	–	–	–	–	5	5	3	3	–	–
Cecilia Ho	9	9	4	4	–	–	5	5	–	–	–	–
Russell Macfarlane Ceased 10 November 2016	4	4	2	2	2	2	1	1	–	–	–	–
Greg Manning	9	9	5	5	–	–	5	5	–	–	4	4
Andrew Monaghan	8	9	5	5	–	–	–	–	3	3	–	–
Craig Pagden Ceased 5 September 2016	1	1	1	1	–	–	1	1	1	1	–	–
Bruce Roberts Commenced 30 September 2016	6	6	–	–	3	3	–	–	2	2	–	–
John Sipek	9	9	–	–	5	5	–	–	2	3	–	–
Mark Thorpe	9	9	–	–	5	5	5	5	–	–	–	–
Rachel Yangoyan Commenced 10 November 2016	4	4	3	3	–	–	–	–	2	2	–	–

The Nominations Committee was established on 2 June 2017 and did not meet during the financial year ended 30 June 2017.

<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 Qantas Super;
- 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:** Responsible 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 Board (Chair of Finance and Investment Committee). Director of the Association of Superannuation Funds Australia (ASFA) Board (Chair of the Finance and Risk Committee). 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 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:** Responsible 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:** Responsible for the risk management function and the provision of legal advice and support to Qantas Super.

**Appointed:** 2011.

**Experience:** Over 25 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.





**Stuart Langeveldt**

Head of Member Experience

■ **Member since 2017**

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

**Appointed:** 2017.

**Experience:** 20 years in brand, marketing, and communications in financial services.

**Previous roles:** AMP Capital, Stockland, Cuscal Limited, Commonwealth Bank.

**Education:** Master of Business (Marketing).



**Peter Savage**

Chief Operations Officer

■ **Member since 2009**

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

**Appointed:** 2009.

**Experience:** Over 17 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:** Responsible 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:** Responsible 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 2016/2017

as at 30 June 2017



**31,884** members



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



Contributions received:  
Almost **\$384 million**



Rollovers into  
Qantas Super: Almost  
**2,450**



**28,862**  
phone calls to the  
Qantas Super Helpline



Provided an email  
address: **90%**



Logins to the secure  
member website:  
**233,186**



Nominated a  
beneficiary: **74%**



**90%** of insurance  
claims approved



Advised us of TFN:  
**99%**

# Investments

## Our key investment beliefs

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:

- We believe that investment strategy is critical. We employ the best talent in-house to proactively manage risk exposures to create and protect value for members.
- We believe that investment management and implementation should be undertaken by 'best in class' investment partners specifically selected to meet your investment needs. We actively manage over 25 investment partners and continuously review their performance.
- We believe that market risk exposures are the most important drivers of portfolio outcomes. A comprehensive view of all risks is required to manage portfolios effectively.
- We believe that appropriate risk diversification increases the probability of achieving our stated investment objectives and helps to deliver a smoother path of returns.
- We believe that environmental, social and governance (ESG) factors can impact investment risks, returns and reputation. We actively exercise share ownership rights and constructively engage with company boards about material ESG issues.
- We believe that there is a positive relationship between sound investment governance and investment performance.
- We believe that effectively managing all expenses is very important to maximising investment returns.

### Our investment mission and beliefs

We believe in a 'safety first' approach when it comes to managing your superannuation investments. We focus on investing for the long term and choose high quality, value for money investments. It's an approach that takes into account the risks and rewards. We then create investment options for you to choose based on your personal risk profile – the level of risk you're prepared to take. This way we help you weather market ups and downs in the best way possible to meet your retirement goals.



## Investments (continued)

### What our investments look like

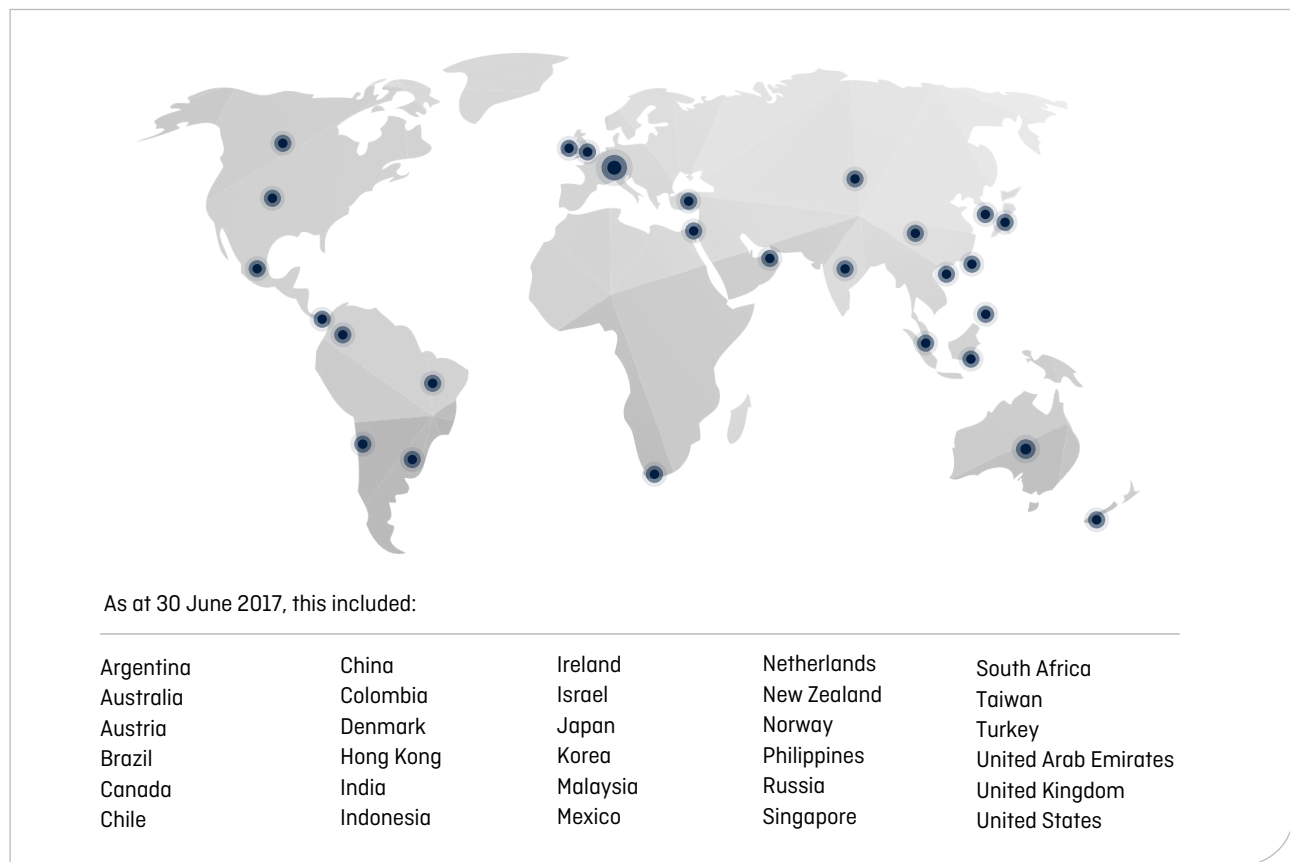
We invest in a wide range of sectors and businesses through our investment managers. These industries and company names are just examples to illustrate the breadth of our holdings.



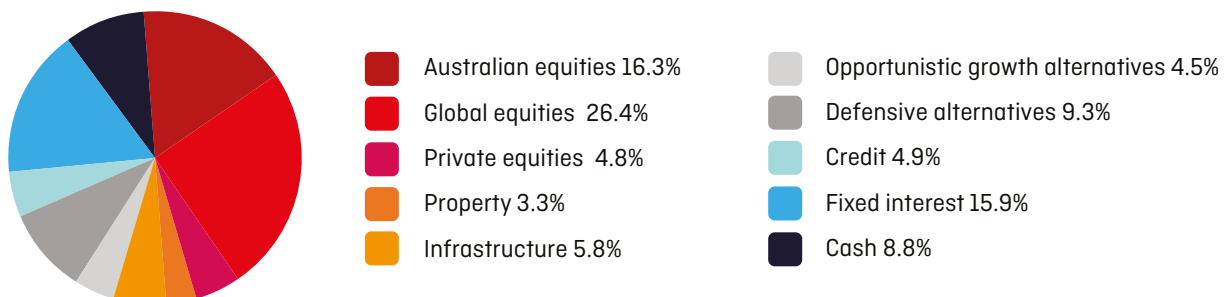


## Where we invest

Qantas Super invests globally across more than 40 countries



## How our investments are allocated by assets



## Investments (continued)

## Investment performance

## Performance

## Super

Returns to 30 June 2017 (% p.a.)

Investment option	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception <sup>1</sup>
<b>Aggressive</b>	10.9	7.1	10.6	8.9	4.3	6.7
<b>Growth</b>	9.3	6.0	8.7	7.7	4.3	7.5
<b>Balanced</b>	7.1	5.1	7.3	6.7	4.6	5.8
<b>Conservative</b>	5.4	4.0	5.3	5.3	4.5	5.0
<b>Cash</b>	1.6	1.9	2.7	2.7	3.2	3.5
<b>Glidepath</b>						
– Take-Off	10.9	–	–	–	–	7.1
– Altitude	9.3	–	–	–	–	6.1
– Cruising	8.4	–	–	–	–	5.4
– Destination	7.1	–	–	–	–	4.7

<sup>1</sup> Since inception returns are for the period from the investment option's commencement date which are: 1 October 2015 for Glidepath, and 1 April 2005 for Aggressive, Balanced, Conservative and Cash. The since inception return for Growth is for the period from 1 April 1995. Where a 10 year return is not available, a since inception return is shown.

## Retirement (Gateway Income)

Returns to 30 June 2017 (% p.a.)<sup>1</sup>

Investment option	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception <sup>2</sup>
<b>Aggressive</b>	12.0	8.1	12.1	10.1	5.0	5.0
<b>Growth</b>	10.3	6.6	9.8	8.7	4.9	7.7
<b>Balanced</b>	7.9	5.6	8.2	7.7	5.3	5.3
<b>Conservative</b>	6.0	4.5	6.0	6.1	5.3	5.3
<b>Cash</b>	1.8	2.1	2.5	3.2	3.8	3.8
<b>Glidepath</b>						
– Take-Off	12.0	–	–	–	–	7.8
– Altitude	10.3	–	–	–	–	6.7
– Cruising	9.3	–	–	–	–	5.8
– Destination	7.9	–	–	–	–	5.1

<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 which are: 1 October 2015 for Glidepath, 1 September 2002 for Growth and 1 July 2007 for Aggressive, Balanced, Conservative and Cash. Where a 10 year return is not available, a since inception return is shown.

## 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.

## How we performed to 30 June 2017

Financial year 2016/2017 was a strong year for returns with our more growth-focused diversified investment options.

This year marks a series of highs:

- the highest one year returns we have seen since 2014 for almost all options
- the eighth consecutive year of positive absolute returns in all our investment options other than Aggressive
- the fifth consecutive year of positive absolute returns for the Aggressive option.

Over the year our Growth option delivered a return of 9.3%, while the Aggressive option delivered a return of 10.9%. These returns are particularly strong given the uncertainty around financial markets. Our strong 2016/2017 returns have been driven by the strong performance of listed equities markets coupled with our other growth assets exposures, namely Infrastructure, Property and Private Equity.

The more defensively focused investment options Conservative and Balanced also benefited from their exposure to listed equities markets over the year, delivering returns of 5.4% and 7.1% respectively. The Cash option had a one year return of 1.6%, reflecting the very low cash rates currently in Australia and across the world. The cash return, in comparison to the more diversified options, is a reminder that although cash is a safe place to be it may return much lower results than a defensive diversified investment option.

Our lifecycle strategy (Glidepath) marked its first full year in 2016/2017. The individual Glidepath strategies returns

were equally as strong with Take-Off, Altitude, Cruising and Destination returning 10.9%, 9.3%, 8.4% and 7.1% over the year respectively. The 'since inception' returns of the stages in Glidepath are provided on page 26.

### Returns against investment option objectives

Each investment option has an investment objective and a minimum suggested time to invest. We are pleased to have delivered consistent long-term returns.

The Balanced option exceeded its stated objective by 2.0% per annum returning 7.3% per annum over its five-year measurement period. The Growth option also exceeded its long term stated objective by 1.6% per annum over its seven-year measurement period, achieving a 7.7% per annum return. The Conservative option returned 4.0% per annum over its three-year measurement period, slightly outperforming its stated objective by 0.14% per annum. These are good results given the numerous challenges faced by investment markets over the last few years.

The Cash option delivered a return of 1.6% per annum, marginally underperforming its stated Bank Bill index return objective.

The Aggressive option delivered a return of 4.3% per annum over its 10-year measurement period. Although this is a strong risk-adjusted return in absolute terms, it fell short of meeting its stated return objective. This largely reflects the significant sell-off in growth assets in 2008/2009 during the Global Financial Crisis. Over shorter time horizons, the Aggressive option has delivered better than benchmark returns.

The full returns are set out on page 26.

In addition to seeking robust long-term returns, risk management plays a critical role in defining the investment strategy of each of our investment options. For more information on the risk and return objectives of your investment options, go to pages 33-37.

Over the year our Growth option delivered a return of 9.3%, while the Aggressive option delivered a return of 10.9%. These returns are particularly strong given the uncertainty around financial markets.



## Investments (continued)

## How investment markets have performed

2016/2017 has turned out to be a far stronger year for investment markets than was anticipated 12 months ago. Back then, markets were expecting an extremely turbulent year ahead with a number of unknowns both in Australia and across the world. While political uncertainty and central bank policies globally caused short-term blips in performance, overall markets proved to be resilient to much of the news, including the surprise election of Donald Trump as the US President. After initial knee-jerk reactions to this generally unexpected result, all of our growth asset classes finished 2016/2017 with positive returns.

This year saw a complete reversal of the previous 12 months, with growth assets such as listed equities and property significantly outperforming defensive assets such as government bonds and cash. The Property and Infrastructure asset class returns were strong over the year, delivering 10.1% and 7.5% respectively. Our Private Equity portfolio delivered similarly strong returns of 7.7% over the year.

Listed equities markets both in Australia and globally were by far the star performers for the year ended 30 June 2017, with both asset classes delivering double digit returns in AUD terms. The Australian equities S&P/ASX 300 Accumulation Index was up 13.8% over one year to 30 June 2017

and the MSCI All Countries World Index ex Australia (AUD unhedged) delivered a strong return of 15.3% over the same period. Equities markets have been benefiting from the cyclical improvements in the global economy including strong corporate earnings and low interest rates.

As mentioned, 2016/2017 was an excellent year for global equity markets and it was particularly spectacular for emerging markets, with the MSCI Emerging Market Index (Net AUD unhedged) delivering a 20.1% return. Emerging markets outperformed developed markets by 5.4% in AUD terms with the MSCI World Index ex Australia (AUD unhedged) delivering a return of 14.7% to 30 June 2017. This was the first time since 2010 that emerging markets have outperformed developed markets in AUD terms.

In Australia, Philip Lowe had his first meeting as RBA Governor in October 2016 and he has continued to keep the official cash rate at the record low of 1.50% set in August 2016. The Australian economy continues to produce mixed results and it is likely that the strong Australian equity returns seen over the last year will not be repeated in the near term. Over the year, Australian 10 year Government Bond yields rose 0.6% and the Bloomberg AusBond Composite Index returned 0.2%.

Global bond yields in the US and UK also rose over the year with the US 10-year Government Bond finishing at a yield of 2.3% up 0.8% from 30 June 2016. The UK 10-year Government Bond yield rose 0.4% to 1.3%. The Bloomberg Barclays Global Aggregate Bond Index (hedged into AUD) returned 0.5% for the year ended 30 June 2017. Our Fixed Interest portfolio delivered a return of 2.9% over the year to 30 June 2017.

The AUD appreciated against most of the major currencies in 2016/2017, rising 3.2% against the USD, 13% against the Japanese Yen and 6.6% against the British Pound. This negatively impacted Qantas Super's foreign investments, although the impact was partly offset by hedging policies. The AUD remained relatively flat against the EUR over the year with a modest increase of 0.5%.

Crude oil had another tough year falling 4.7% to finish the year ended 30 June 2017 at US\$46 per barrel. The gold spot price also fell to US\$1,242 per ounce, a 7% decrease. Weaker commodity prices in theory should benefit a number of sectors in the Australian economy, however the strengthening of the AUD against Australia's major trading partners may cause some headwinds.

2016/2017 was an excellent year for global equity markets and it was particularly spectacular for emerging markets, with the MSCI Emerging Market Index (Net AUD unhedged) delivering a 20.1% return.



## About our investment options

as at 30 June 2017

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. These are specialist asset classes. 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.

- **Fixed Interest** – 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 10 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 well diversified, no one single asset represents more than 5% of total assets.

Additionally, as at 30 June 2017:

- Three investment managers individually managed more than 5% of the total assets; and
- We had approximately \$5.8 million (at market value) invested in Qantas Airways Ltd via the investments selected and managed by our investment managers. These investment decisions are made independently of Qantas Superannuation Limited.

## Investments (continued)

## Summary of our investments across asset classes

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 \$13.7 million to members over the last 12 months.

	30 June 2017 (\$ million)	30 June 2016 (\$ million)	Change (\$ million)
<b>Growth assets</b>			
<b>Equities</b>			
Australian equities	1,211.7	1,078.4	133.3
Global equities	1,961.0	1,721.6	239.4
Private equity	354.8	352.9	1.9
Total equities	3,527.5	3,152.9	374.6
<b>Growth alternatives</b>			
Opportunistic growth alternatives	334.0	242.4	91.6
Infrastructure	429.3	394.9	34.4
Property	243.3	334.6	- 91.3
Total Growth alternatives	1,006.6	971.9	34.7
<b>Defensive assets</b>			
<b>Defensive alternatives</b>			
Diversity	377.8	649.1	- 271.3
Multi-Strategy	310.3	-	310.3
Total Defensive alternatives	688.1	649.1	39.0
<b>Fixed Interest</b>			
Credit	368.6	269.5	99.1
Fixed interest (other)	1,176.1	1,220.4	- 44.3
Total Fixed Interest	1,544.7	1,489.9	54.8
Cash	653.6	702.9	- 49.3
Total assets*	7,420.6	6,966.7	453.9

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 2017) by visiting [www.qantassuper.com.au](http://www.qantassuper.com.au). Totals may not add due to rounding.



## 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 2017	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
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
BlackRock Inc	Emerging Market Debt
<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
<b>Timberland</b>	
Campbell Global, LLC	Global
<b>Defensive Alternatives</b>	
K2 / D&S Management Company LLC	Global Hedge Funds
Invesco Ltd	Multi-strategy
SouthPeak Investment Management	Multi-strategy
<b>Fixed Interest</b>	
Metrics Credit Ltd	Australian – Credit
AXA Investment Management Ltd	Global – Credit
Westbourne Credit Management Limited (Q Infrastructure Yield Trust)	Global Infrastructure Debt
Ardea Investment Management Pty Limited	Australian
BT Investment Management (RE) Limited	Australian
H2O Asset Management LLP	Global
T.Rowe Price International Ltd Global	Global
Jamieson Coote Bonds Pty Ltd	Australian
<b>Cash</b>	
Russell Investment Management Limited	Australian
<b>Overlays</b>	
Russell Investment Management Limited	Whole of Plan

<sup>1</sup> Parametric Portfolio Associates LLC ("Parametric") is Qantas Super's Centralised Portfolio Manager for Australian equities and global equities. Parametric has centralised the management of Qantas Super's Australian equities based on model portfolios (marked with \* in the table) provided by Qantas Super'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 Qantas Super's global equities based on model portfolios (marked with \* in the table) provided by its global equities managers including Acadian Asset Management LLC, Black Creek Investment Management Inc, Origin Asset Management LLP, Realindex Investments Pty Limited, Wasatch Advisors, Inc and Wells Capital Management, Inc.

## Investments (continued)

### Investment returns

Investment returns for each investment option (except the Term Deposit option) are applied using credited interest rates (CIRs). A history of our investment performance - both quarterly and against our investment objectives - and our CIRs are 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

#### Managing your investment options

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 34-38 for a list of our investment options. If you don't choose an investment option<sup>1</sup>, your account will be invested automatically in the default option, which is:

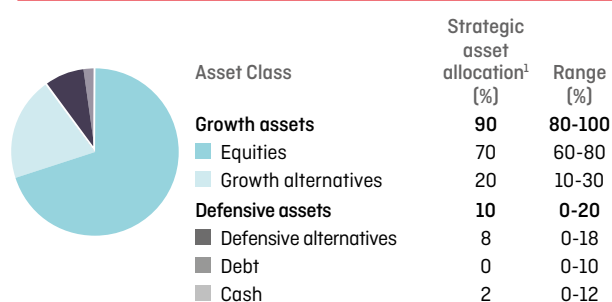
- Glidepath – for accumulation Divisions 3A, 5, 6, 7, 10 and Gateway; and
- Growth – for defined benefit Divisions 1, 2, 3, 4, 12 and 15.

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.

## The Glidepath option – investment stages in detail

as at 30 June 2017

### 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% p.a. 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.

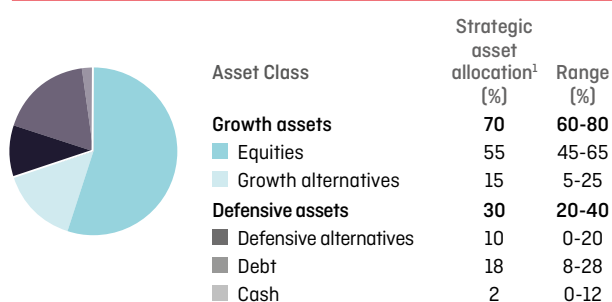
#### Risk level

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 3.9 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% p.a. 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 3.4 years.<sup>2,3</sup>



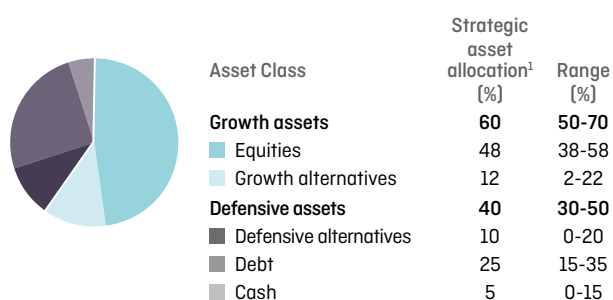
<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment stage assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

<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.

<sup>3</sup> The estimated number of negative annual returns over any 20 year period changed on 22 September 2017. Please look at the Investment Guide on our website for the latest information, and before making any decision about your super.

## Investments (continued)

## 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% p.a. 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.

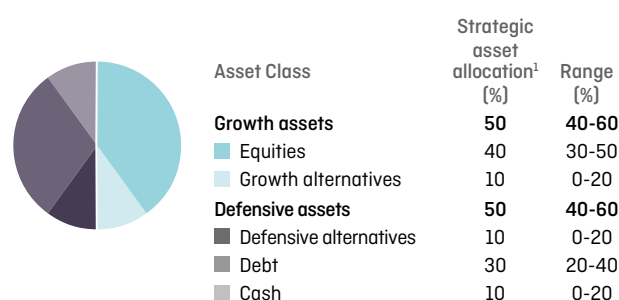
## Risk level

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

The estimated number of negative annual returns over any 20 year period is 3.1 years.<sup>2,3</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% p.a. 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 2.7 years.<sup>2,3</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.

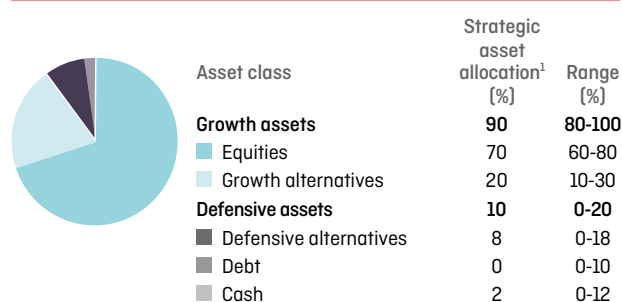
<sup>2</sup> The figure shown is the estimated number of negative annual returns over any 20 year period for this investment stage. This is different to, and should be lower than, the investment objective (which aims to limit the likelihood of negative returns to a specified number of years). Please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

<sup>3</sup> The estimated number of negative annual returns over any 20 year period changed on 22 September 2017. Please look at the Investment Guide on our website for the latest information, and before making any decision about your super.

## Other investment options in detail

as at 30 June 2017

### 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% p.a. 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.

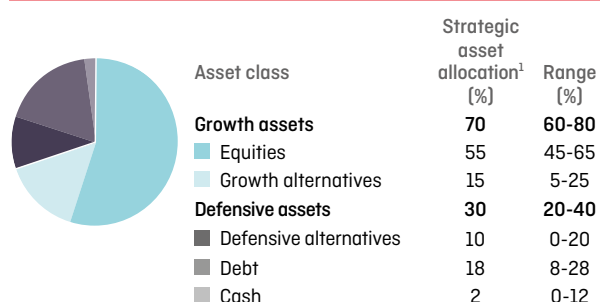
#### Risk level

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 3.9 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% p.a. 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 3.4 years.<sup>2,3</sup>



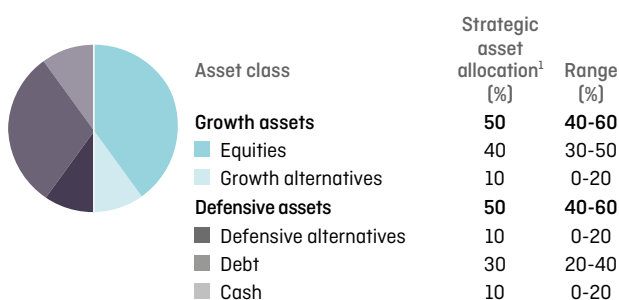
<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

<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.

<sup>3</sup> The estimated number of negative annual returns over any 20 year period changed on 22 September 2017. Please look at the Investment Guide on our website for the latest information, and before making any decision about your super.

## Investments (continued)

## 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% p.a. 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.

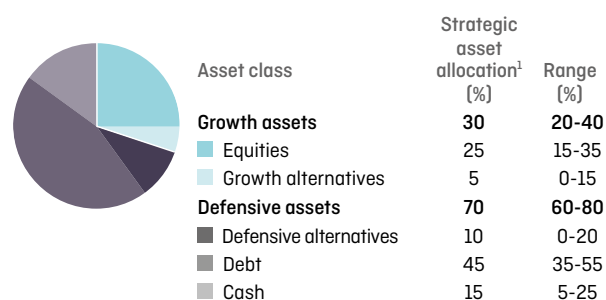
## Risk level

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 2.7 years.<sup>2,3</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% p.a. 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 1.8 years.<sup>2,3</sup>



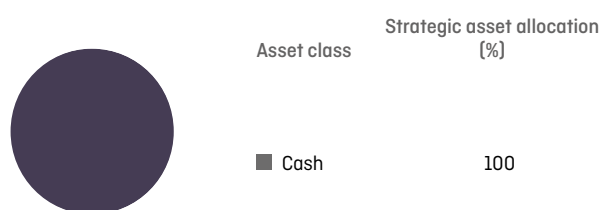
<sup>1</sup> The strategic asset allocation is an indication of the proportion of the investment option assets that are allocated to each asset class. The actual asset allocation to each of the asset classes may vary from time to time, but within the ranges indicated.

<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.

<sup>3</sup> The estimated number of negative annual returns over any 20 year period changed on 22 September 2017. Please look at the Investment Guide on our website for the latest information, and before making any decision about your super.



## Cash



### 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.

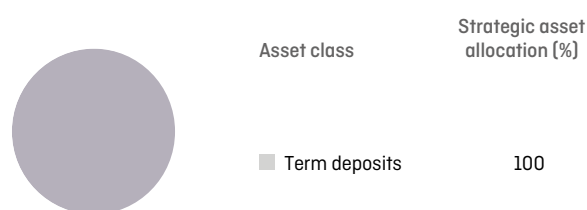
### Risk level

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>



## Term Deposit



### 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.

## Investments (continued)

## The cost of managing your investment

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

## Actual fees for 2016/2017

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	0.36%		0.15%		0.51%
– Altitude	0.34%		0.12%		0.46%
– Cruising	0.33%		0.10%		0.43%
– Destination	0.31%		0.08%		0.39%
<b>Aggressive</b>	0.36%		0.15%		0.51%
<b>Growth</b>	0.34%		0.12%		0.46%
<b>Balanced</b>	0.31%		0.08%		0.39%
<b>Conservative</b>	0.28%		0.04%		0.32%
<b>Cash</b>	0.09%		0.00%		0.09%

For estimated base and performance fees, please see the *Gateway Member Guide Supplement* on our website. Actual fees and costs for 2017/18 will be included in the 2018 annual report.

## 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 2017. Our full audited financial statements and the auditor's report for the year ended 30 June 2017 will be available on our website by 31 December 2017. Hard copies of the full audited financial statements and auditor's report will then be available on request.

### Abridged statement of financial position

	As at 30 June 2017 (\$ million)	As at 30 June 2016 (\$ million restated <sup>1</sup> )
Investments <sup>2</sup>	7,432.1	6,978.6
<b>Plus</b>		
Other assets	12.7	12.7
<b>Less</b>		
Other liabilities	96.9	64.8
<b>Net assets available to pay benefits</b>	<b>7,347.9</b>	<b>6,926.5</b>
<b>Less</b>		
Members benefits	7,051.6	6,607.8
<b>Net assets</b>	<b>296.3</b>	<b>318.7</b>
<b>Equity</b>		
Reserves	38.2	37.1
Defined benefit surplus	258.1	281.6

### Abridged income statement

	Year ending 30 June 2017 (\$ million)	Year ending 30 June 2016 (\$ million restated <sup>1</sup> )
<b>Revenue</b>		
Investment income	627.6	110.7
Other revenue	0.5	0.5
<b>Total revenue</b>	<b>628.1</b>	<b>111.2</b>
<b>Less</b>		
<b>Expenses</b>		
Investment expenses	(24.1)	(32.1)
General administration expenses	(13.3)	(12.2)
<b>Total expenses</b>	<b>(37.4)</b>	<b>(44.3)</b>
<b>Net income superannuation activities</b>	<b>590.7</b>	<b>66.9</b>
<b>Less</b>		
Net insurance activities	(9.4)	(11.0)
<b>Less</b>		
Net benefits allocated to members	(546.6)	(240.0)
<b>Operating result before income tax</b>	<b>34.7</b>	<b>(184.1)</b>
Income tax expense/(benefit)	52.6	(13.6)
<b>Operating result after income tax</b>	<b>(17.9)</b>	<b>(170.5)</b>

## Financial position (continued)

## Abridged statement of changes in member benefits

	Year ending 30 June 2017 (\$ million)	Year ending 30 June 2016 (\$ million)
<b>Opening balance of member benefits</b>	<b>6,607.8</b>	<b>6,483.4</b>
Contributions received	331.3	311.3
Transfers from other superannuation plans	52.3	32.9
Income tax on contributions	(40.3)	(40.0)
<b>Net after tax contributions</b>	<b>343.3</b>	<b>304.2</b>
Net benefits paid	(449.9)	(428.1)
Net insurance (cost)/benefit	(0.6)	4.7
Death and disability benefits credited to members	4.5	3.6
Net benefits allocated to member accounts	546.5	240.0
<b>Closing balance of member benefits</b>	<b>7,051.7</b>	<b>6,607.8</b>

## Statement of changes in reserves

	Disability Reserve (\$'000) <sup>3</sup>	Other Insurance Reserves (\$'000) <sup>3</sup>	Foregone Benefits Reserve (\$'000) <sup>4</sup>	Operational Risk Reserve (\$'000) <sup>5</sup>
<b>Reserve 30 June 2014</b>	<b>18,447</b>	<b>13,356</b>	<b>-</b>	<b>5,510</b>
Amounts allocated during year	(3,134)	(1,186)	(391)	-
Transfers during year	(2,563)	(3,935)	391	6,006
<b>Reserve 30 June 2015</b>	<b>12,750</b>	<b>8,235</b>	<b>-</b>	<b>11,516</b>
<b>Reserve 30 June 2015</b>	<b>12,750</b>	<b>8,235</b>	<b>-</b>	<b>11,516</b>
Amounts allocated during year	(3,098)	(461)	(30)	-
Transfers during year	3,691	(2,027)	44	6,526
<b>Reserve 30 June 2016</b>	<b>13,343</b>	<b>5,747</b>	<b>14</b>	<b>18,042</b>
<b>Reserve 30 June 2016</b>	<b>13,343</b>	<b>5,747</b>	<b>14</b>	<b>18,042</b>
Amounts allocated during year	(4,329)	(170)	-	-
Transfers during year	3,311	1,092	(14)	1,163
<b>Reserve 30 June 2017</b>	<b>12,325</b>	<b>6,669</b>	<b>-</b>	<b>19,205</b>

In line with sound administrative and financial practice and actuarial advice, reserves are maintained to safeguard Qantas Super against events such as major catastrophes or abnormal mortality experience and to address operational risk losses incurred by Qantas Super.

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

<sup>1</sup> The statement of financial position and income statement of Qantas Super were impacted by the adoption of AASB 1056 Superannuation Entities that applies to annual reporting periods beginning on or after 1 July 2016. As a result Qantas Super has restated amounts previously reported under AAS 25 Financial Reporting by Superannuation Plans for the year ended 30 June 2016.

<sup>2</sup> As a result of the implementation of AASB 1056, the measurement of investments changed from "net market value" to "fair value" resulting in the write back of disposal costs.

<sup>3</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>4</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.

<sup>5</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.

## 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, except for accounts with a DB underpin that has not been triggered.

Over time, Qantas Airways Limited makes the contributions which are recommended by the Qantas Super 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 Qantas Super 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 3 March 2017, Qantas Super refreshed the AFP with Qantas Airways Limited which is subject to renewal every three years as part of the triennial actuarial review of the Plan.

For the year ending 30 June 2017 Qantas Airways Limited contributed \$1.8 million of additional funding.

# Other important information

## Changes to the Trust Deed

There were no changes to the Trust Deed and Rules in 2016/17.

## 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 2016/2017 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 Qantas Super:

- 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 automatically transfer your benefit out of Gateway and into Qantas Super's nominated ERF; or
- if you hold another account in Qantas Super that is not an Income Account, your benefit may be automatically transferred to that other account. Depending on your circumstances, this may have implications on your benefits in Qantas Super (including insurance) and the fees that you pay.

We may also automatically transfer your benefit as outlined above 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 terms and product features, including 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  
Locked Bag 5132  
Parramatta NSW 2124  
Phone: 1300 361 798  
[www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

### Temporary residents

A temporary resident is a holder of a temporary visa under the Migration Act 1958 (Cth). The Australian Government requires Qantas Super to pay certain 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 ceased to be in effect; or
- The date a temporary resident permanently left Australia.

The ATO identifies and informs Qantas Super of the impacted members on a twice yearly basis. 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, you may not be issued a notice about the transfer or an exit statement in this circumstance.

If your account has not yet been transferred to the ATO, you may be eligible to 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, Qantas Super and, in some circumstances, Qantas Airways Ltd, against insurable losses that may be incurred.

### Member dissatisfaction policy (complaints)

We are committed to ensuring member inquiries and complaints are resolved promptly and regulatory obligations are met. If you are dissatisfied with your membership in Qantas Super, in any way, you can lodge a complaint by: contacting the Qantas Super Helpline on 1300 362 967; or writing to us at Superannuation Inquiries Officer, Qantas Superannuation Plan, GPO Box 4303, Melbourne VIC 3001.

If you do not receive a response to your written complaint within 90 days or are not satisfied with the outcome of Qantas Super's internal complaints process, you may contact the Superannuation Complaints Tribunal (SCT) by phone on 1300 884 114 or in writing at Superannuation Complaints Tribunal, Locked Bag 3060, Melbourne VIC 3001. The SCT is an independent body set up by the Government to assist members or their beneficiaries to resolve certain types of complaints. 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). For more information, go to [www.fos.org.au](http://www.fos.org.au). The FOS mailing address is Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001.

## Other important information (continued)

### 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 1988 (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 send or notify you of marketing information about other products and services that

are available to you because of your membership of Qantas Super (eg travel offers) and invitations to participate in member surveys and research about Qantas Super. You may opt out of receiving marketing information and survey/research invitations at any time by logging into your account and updating your communication preferences, or by calling or writing to us using the contact details of the Trustee or Qantas Super's administrator provided below.

#### 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/content/merceraustralia/en/privacy.html](http://www.mercer.com.au/content/merceraustralia/en/privacy.html)



## Our service providers

The Trustee appoints a number of service providers to assist in the management of Qantas Super. In 2016/2017, 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 32

### 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)