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QSUPER AND QIC RECONFIGURE EQUITIES STRUCTURE

QSuper and QIC have reconfigured the management and nature of \$28 billion of equities portfolios as part of the roll out of their alpha-beta investment process.

QSuper CEO Rosemary Vilgan said the equities restructure was in line with QSuper's risk preferences, improves the balance between alpha and beta sources and provides a focus on after tax returns.

"The reallocation will generate the best investment outcomes for QSuper members while keeping investment costs to a minimum," she said.

"The innovative tax management strategies have the potential to improve outcomes for our members"

The reallocation has involved significant changes to investment styles and manager mandates from both an alpha and beta perspective.

Over \$18 billion has been reallocated across alpha mandates to further diversify the sources of active return.

From a beta perspective, more \$6 billion in equities has been allocated to Vanguard Investments and State Street Global Advisors with mandates to manage to after-tax benchmarks.

QIC CEO Doug McTaggart said the revised configuration will enable QIC to access alpha and beta sources more efficiently across QSuper's entire investment portfolio.

"The reallocation has seen after-tax mandates that are the first of their kind in Australia," Dr McTaggart said.

"Alpha beta separation has been heavily talked about in the investment industry, but this reallocation is QIC and QSuper putting our investment strategies into action.

"QSuper has specific investment objectives and with the new configuration we get exactly the alpha and exactly the beta to best meet these objectives.

"The main benefits of the reallocation include generating further diversification across alpha and beta streams and the creation of long-term tax efficient management strategies and structures," he said.

QIC and QSuper's new investment strategy separates market returns (beta) from returns of active investment management (alpha) across all asset sectors.

QSuper is one of Australia's largest superannuation funds with more than 450,000 members.

QIC is one of Australia's largest institutional fund managers with more than \$60 billion currently under management for its Australian and overseas clients.

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