

# Annual Report for the period starting 1 July 2019 and ending 30 June 2020

MLC Super Fund

**Preparation date**  
7 December 2020

**Issued by the Trustee**  
NULIS Nominees (Australia)  
Limited

**ABN 80 008 515 633**  
**AFSL 236465**

**For MLC Super Fund**  
**(The Fund)**  
**ABN 70 732 426 024**





*This Annual Report is relevant to:*

- MLC MasterKey Super & Pension Fundamentals*
- MLC MasterKey Business Super*
- MLC MasterKey Personal Super*
- MLC MasterKey Term Allocated Pension*
- MLC Capital Guaranteed Personal Super Savings Plan Series 1-2*
- MLC Super Pension Plan*
- MLC Maturity Growth Superannuation Plan*
- MLC Whole of Life Superannuation*
- MLC Endowment Superannuation*
  - Whole of Life*
  - Endowment*
- MLC Pure Endowment Superannuation*
  - MLC Life Cover Super*
  - MLC Insurance (Super)*
  - MLC Protection - Life*
  - MLC Protection - Executive Life*
    - Solitaire*

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The Trustee is part of the National Australia Bank Group of Companies. An investment with the Trustee is not a deposit with or liability of, and is not guaranteed by, National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (NAB). References within the Annual Report to 'we', 'us' or 'our' are references to the Trustee, unless otherwise stated.

## A year in review

There is no doubt COVID-19 has presented new challenges to Australia's economy following the devastating bushfires across south east Australia, and drought conditions. The Australian economy is in recession and company earnings in Australia and around the world have been severely impacted.

Going forward, we think the economic uncertainty will persist until either the virus is contained, or an available and affordable vaccine is developed. By understanding how the markets are likely to perform in many potential scenarios, it is possible to manage risks in our portfolios while at the same time take advantage of potential return opportunities.

Our investment managers are also remaining vigilant through this highly unusual and challenging investment environment – working hard to deliver to investment objectives to help members save enough for retirement.

We're also ensuring that members facing financial hardship due to COVID-19 can access their super early, supporting them through tough times.

In terms of day to day operations, we've taken steps to be more transparent about the way we charge our fees across several products.

Here's some of the changes we've made over the past 12 months:

### **Repricing**

We're committed to providing better outcomes when it comes to retirement. As such, we've updated the fee structure on several products. We're always looking to improve the way we charge our fees, so that our members know exactly what they pay each year.

We've reduced the investment fees for some investment options.

Members with MLC MasterKey Personal Super accounts now receive a reduced Administration fee rate on any balance invested in the Cash Fund.

Further to this, members with MLC MasterKey Super and Pension Fundamentals accounts now receive a reduced Administration fee rate on any balance above \$150,000.

### **Early release program**

The Government temporarily changed the rules around accessing super to help our members facing financial hardship due to COVID-19. We are absolutely committed to ensuring eligible members can take advantage of the early release of their super. This has enabled us to help our members access:

- \$10,000 of their super before 1 July 2020, and
- a further \$10,000 from 1 July 2020 to 31 December 2020.

Between 20 April 2020 and 16 October 2020, we've been able to help over 156,000 members facing financial hardship due to the pandemic. In that period the total withdrawal amount has been over \$1.2 billion, with the average withdrawal amount being \$7,810.

### **Changes to minimum pension payments**

For members with account-based pensions (including transition to retirement pensions) and term allocated pensions, there's a temporary reduction in the minimum drawdown rates for the 2019/20 and 2020/21 financial years. Members will only need to withdraw half the default minimum drawdown amount. With market prices under pressure, this measure will help retirees by reducing their need to sell investments, in order to meet the minimum drawdown requirements.

Despite volatile investment markets and the substantial level of withdrawals, the Fund was able to meet members' urgent requests for withdrawals through this challenging period.

## A year in review

### The year ahead

We've always sought improvements for our members and we plan to continue this going forward. It is important that we ensure our products are provided on the basis that they are appropriate for our members. We'll also prioritise changes to products that lead to improved outcomes.

The broader MLC wealth business has been preparing to separate from the NAB and on 31 August 2020, NAB agreed to sell its MLC wealth business to wealth manager IOOF. This transaction includes all of MLC wealth's advice, platforms, superannuation & investment and asset management businesses. The transaction is subject to regulatory approval from the Australian Prudential Regulation Authority (APRA) and the Australian Competition and Consumer Commission (ACCC). With approval, the transaction is expected to complete before 30 June 2021. We'll communicate more details with you as they become available.

Your financial wellbeing is important to us. So, it's vital that we are ready for events like COVID-19, which cause high levels of economic and business uncertainty. In times like this it's important we maintain rigorous risk management while continuing to look ahead to find the opportunities for members' future returns. Whether you're at the start of your career or looking forward to retirement, we are ready to help and guide you towards your financial goals.

We're looking forward to the next 12 months and we're grateful for your continued support.



**Peter Promnitz**

Chair

NULIS Nominees (Australia) Limited

# Looking out for your interests

The directors of the Trustee Board have a variety of work and life experiences which help them represent and look out for your interests.

Made up of non-executive directors, the Trustee Board is responsible for the management and performance of the Fund.

The Trustee Board has professional indemnity insurance. And the Trustee has appointed its related company, National Wealth Management Services Limited ABN 97 071 514 264, to carry out the day-to-day functions of the Fund.

## Meet the Board

The directors are:

### **Peter Promnitz (Chair)**

BSc (Mathematics and Statistics) (University of Adelaide), FAICD, FIAA

### **Andrew Gale**

MBA (Macquarie University), B Arts (Actuarial) (Macquarie University), FAICD, FIAA

### **Terry McCredden**

BCom (Hons) (University of Melbourne)

### **Kathryn Watt**

MCorp&SecLaw (University of Melbourne), MTS (Trinity College), BA (University of Melbourne), LLB (University of Melbourne)

### **Beth McConnell**

MCommrclLaw (University of Melbourne), BCom (University of Melbourne), LLB (Hons) (University of Melbourne), Dip SM (Macquarie University), GAICD

### **Karina Kwan**

BEC (University of Sydney), GradDip Applied Finance (FINSIA), Fellow, CPA Australia, GAICD

### **Steve Schubert**

BSc (Applied Mathematics & Physics) (Monash University), FIAA, GAICD (Order of Merit)

## Trustee director movements

**Beth McConnell** appointed effective 4 December 2019.

**Karina Kwan** appointed effective 4 December 2019.

**Kathryn Watt** appointed effective 4 December 2019.

**Steve Schubert** appointed effective 4 December 2019.

**Peggy O'Neal** retired effective 31 March 2020.

## Operational Risk Financial Requirement (Reserve)

The Government requires superannuation fund trustees to hold adequate financial resources (Reserve) to cover any losses that members incur due to operational errors. The Reserve has been established in full by our capital (via equity contributed from our ultimate shareholder, NAB). If the Reserve falls below our targets, we propose to fund the shortfall through our own capital, rather than seeking contributions from members. This means that we don't currently require members to contribute to the Reserve, but members will be notified if this changes in the future. As the Reserve is held by us, it isn't reported in the financial statements of the Fund.

The balance of the Reserve at the end of the last 3 financial years is summarised below:

- 30 June 2020: \$281M
- 30 June 2019: \$279M
- 30 June 2018: \$269M

## Looking out for your interests

### General reserves

We have established general reserves to provide liquidity to assist in the management of the Fund for the benefit of members. We manage and replenish these reserves in accordance with its applicable policy, with the guiding principle that the general reserves should be replenished from sources that are not easily allocated back to members, unless members have been explicitly advised.

The balance of the General reserve at the end of the last 3 financial years is summarised below:

- 30 June 2020: \$68M
- 30 June 2019: \$84M
- 30 June 2018: \$62M

For details of the balances and movement of the General reserve and other reserves, refer to the Abridged financial information - Statement of changes in reserves on page 20.

## Some things you should know

### Policy Committees (MLC MasterKey Business Super members only)

If your employer plan had a policy committee during the financial year, you can find details about your plan's policy committee and members in your Annual Statement.

We have a set of rules for the appointment and removal of employer and member representatives of the Policy Committee. These rules provide for equal representation of member and employer representatives. Member representatives are generally elected by members and are typically appointed for a period of three years. Employer representatives are appointed by your employer for a period determined by your employer.

### Transfers to an Eligible Rollover Fund

We may transfer your account balance to an Eligible Rollover Fund if:

- your investment switching activity is deemed to be contrary to the interests of other members
- your accounts have been closed and you're eligible for a payment and we've not received any instructions from you, or
- other situations permitted under the law.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and they can be contacted on **1800 677 424**. Alternatively, you can write to them at:

C/ - Jacques Martin Administration and Consulting Pty Ltd, Locked Bag 5429, Parramatta NSW 2124.

We'll advise you in writing to your last known address if we intend to transfer your account balance and will proceed if you don't respond with instructions regarding an alternative super fund.

Please note, a transfer to an Eligible Rollover Fund may have a detrimental impact to your super benefit as the Eligible Rollover Fund may have a different fee structure, different investment strategies and may not offer insurance benefits.

### Transfers to the Australian Taxation Office (ATO)

The law and rules defining the transfer of unclaimed superannuation money to the ATO can be viewed at [ato.gov.au](http://ato.gov.au)

In summary, we're generally required by law to transfer your account to the ATO if any of the following occurs:

- your account balance is less than \$6,000 and either:
  - no contributions or rollovers have been made to your account for 12 months, you haven't otherwise contacted the Fund for 12 months and we have no way of contacting you, or
  - you've been a member of the Fund for more than 2 years, your account was set up through your employer sponsor, and there have been no contributions or rollovers made to your account for over 5 years,
- you're over 65, contributions haven't been made to your account for over 2 years, you haven't contacted us for at least 5 years, and we haven't been able to contact you,
- the ATO informs us that you were a former temporary resident and left the country over six months ago, or
- upon your death, where no contributions have been made for at least 2 years, and after a reasonable period of time, we've tried but haven't been able to identify or contact the beneficiary of your account.

We're also required to transfer your super balance to the ATO if your account remains inactive for a period of 16 months or more, and the balance is less than \$6,000. Your account is considered inactive if you haven't made any additional contributions or certain changes to it over that time including:

- had contributions or rollovers from other super funds paid into your account
- changed your investment options or strategy
- changed or elected to cancel your insurance cover (where your insurance is held within your super account), or
- made or amended a binding beneficiary nomination.



## Some things you should know

There may be other circumstances in which we need to transfer your account to the ATO.

If your account is transferred to the ATO, you can contact them on **13 10 20** to claim your benefit.

### Special rules for temporary residents

If you're a temporary resident and your visa has expired and you leave Australia permanently, you may be able to claim the superannuation you hold with us as a Departing Australia Superannuation Payment. Withholding taxes may apply to the lump-sum payment. However, if you don't make a claim within six months of your visa expiring or your departure from Australia (whichever happens last), we may be required to transfer your superannuation to the ATO as unclaimed super. In these circumstances, relying on relief from ASIC, we're not required to notify you or give you an exit statement and you'll need to contact the ATO directly to claim your superannuation. For more information go to [ato.gov.au](http://ato.gov.au)

### Delayed and suspended transactions

We may delay or suspend transactions, for example where an investment manager delays or suspends unit pricing, or when there are adverse market conditions.

We may process withdrawal and switch requests in instalments over a period of time and may also suspend processing of withdrawal and switch requests we have received. In certain circumstances we may refuse a request. Where requests are delayed, suspended or being paid in instalments, the unit prices used for transactions will be those available on the day the transaction takes effect, rather than the day of the request. In the event that the investment option becomes suspended (e.g. due to illiquidity), you will be unable to make additional contributions, withdrawals or switches into or out of that suspended investment option. As part of the suspension:

- Any contributions or rollovers that would otherwise be invested in the suspended investment option in accordance with your investment strategy will instead be invested in an alternative option, e.g. the MLC Cash Fund, until you provide us with alternative instructions;

- Any insurance cover you hold may cease if there are insufficient monies in your non-suspended investment options to cover the cost of the insurance; and
- You may only withdraw your funds in accordance with any withdrawal offer that we make.

We are not responsible for losses that delayed or suspended transactions may cause.

### Insurance in Superannuation Voluntary Code of Practice (Code of Practice)

We're committed to helping members better understand and manage their insurance in super to make sure they have insurance cover that's right for them.

That's why we're on board with the Code of Practice. It's aimed at providing greater transparency for members and consistency of information and processes across the super industry.

### Resolving complaints

If you have a complaint, we can usually resolve it quickly over the phone on **132 652**, or if you'd prefer to put your complaint in writing you can email us or send us a letter. We'll conduct a review and provide you a response in writing. For more information, visit [mlc.com.au/complaint](http://mlc.com.au/complaint)

If you're not satisfied with our resolution, or we haven't responded to you in 90 days, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

AFCA provides an independent financial services complaint resolution process that's free to consumers. You can contact AFCA in writing to **GPO Box 3, Melbourne, VIC 3001**, at their website ([afca.org.au](http://afca.org.au)), by email at [info@afca.org.au](mailto:info@afca.org.au), or by phone on **1800 931 678** (free call).

If you have a complaint about financial advice you receive, you should follow the complaint resolution process explained in the Financial Services Guide provided by your financial adviser.

## Some things you should know

This section is specific to MLC MasterKey. It is a reminder about how your account operates.

### Protecting all members

We look out for you, so we've introduced processes that help protect the interests of all members.

### Investment switching

You can change your investment options any time. We do not charge a fee for you to do this. However, buy-sell spreads may apply.

### Monitoring of frequent switching

This product is not appropriate for members who wish to switch their investments frequently in the pursuit of short-term gains.

We monitor all investment options for abnormal transaction activity because this sort of activity can have adverse impacts for other members.

To maintain equity, we have the right to deal with members who frequently switch by:

- delaying, limiting, rejecting or applying special conditions to future switch requests
- permanently cancelling membership
- rejecting applications to open new accounts in the Fund, and/or
- rejecting contributions and rollovers to existing accounts.

### Prudent management

We reserve the right to refuse applications or vary the terms for processing any transaction in certain circumstances, such as when:

- there are significant falls in investment markets
- we have difficulty in completing transactions due to low liquidity

We also reserve the right to suspend processing of requests for up to five business days at the end of the financial year.

Should any of these events occur, we'll use the unit price on the day we process your request.

### Buy/Sell spreads and transaction costs

We are responsible for ensuring that the costs of buying and selling assets when members transact are shared in an equitable way. This is achieved by meeting costs as they arise:

- for an investment option as a whole by offsetting them against investment earnings. This is the approach when there is a single unit price, sometimes called no-spread unit pricing, or
- due to member transactions by offsetting them against the individual member assets. This is the approach when investment options have a buy-sell spread in the unit price.

The transaction costs borne by an investment option are identical in each approach and, generally, both methods work well.

For no-spread investment options, we allow for expected transaction costs in the valuation of assets to protect members in an investment option that is in decline.

Buy-sell spreads may change daily and in certain circumstances, increase or decrease significantly. The current buy-sell spreads of an investment option are available at [mlc.com.au/buysellspreads](https://mlc.com.au/buysellspreads)

Note: Buy/Sell spreads are managed through our Product Governance Framework.

# How your money is invested

## In this section we tell you how the Trustee invests your money

One of our responsibilities is to make sure your investments are managed according to the investment strategies and objectives established by us.

We offer many products for you to invest in. Some of these will have similar investment objectives and strategies. To make this section easier for you to read, we've grouped products with common objectives and strategies together on the following pages.

## Investment managers

Investment managers of the investment options available on our menu this year are:

Altrinsic Global Advisors, LLC

Antares Capital Partners Limited<sup>2</sup>

Ausbil Investment Management Limited

BlackRock Investment Management Australia Limited

Fairview Equity Partners Pty Ltd<sup>1</sup>

Investors Mutual Limited

Macquarie Investment Management Global Limited

MAPP Pty Limited

MLC Limited<sup>1</sup>

MLC Asset Management Services Limited<sup>2</sup>

National Australia Bank Limited<sup>2</sup>

Perennial Value Management Limited

Perpetual Investment Management Limited

PIMCO Australia Pty Limited

Platinum Investment Management Limited

Schroder Investment Management Australasia Limited

Vanguard Investments Australia Limited

We may use the services of NAB Group companies where it makes good business sense to do so and will benefit our customers.

Amounts paid for these services are always negotiated on an arm's-length basis.

## Asset allocation and large investments

Further information about your actual asset allocation can be found at [mlc.com.au/fundprofiletool](https://mlc.com.au/fundprofiletool) or for MLC Capital Guaranteed products, the actual asset allocation can be found in your Annual Statement.

As at 30 June 2020, the MLC Super Fund held the following assets with a value of greater than 5% of the Fund's total assets:

- WM Pool - Australian Equities No. 2 - 8.8%<sup>3</sup>

Many different investment options and products across the MLC Super Fund invest in this underlying asset.

1 The National Australia Bank Group of Companies (NAB Group) is a minority shareholder in this investment manager.

2 A member of the NAB Group.

3 MLC Investments Limited, a related company, is the responsible entity of this investment option.

## How your money is invested

### Derivatives

Derivatives may be used in any of the investment options.

Derivatives are contracts that have a value derived from another source such as an asset, market index or interest rate. There are many types of derivatives including swaps, options and futures. They are a common tool used to manage risk or improve returns.

Some derivatives allow investment managers to earn large returns from small movements in the underlying asset's price. However, they can lose large amounts if the price movement in the underlying asset is unfavourable.

Risks particular to derivatives include the risk that the value of a derivative may not move in line with the underlying asset, the risk that counterparties to the derivative may not be able to meet payment obligations and the risk that a particular derivative may be difficult or costly to trade.

Our derivatives policy permits the use of derivatives in MLC investment options where consistent with an investment option's objective, risk profile, disclosure and governing documents, legislative and regulatory requirements. They may be used for:

- hedging
- efficient portfolio management, and
- investment return generation.

Further information on our derivatives policy is available at [mlc.com.au/derivativesforsuper](https://mlc.com.au/derivativesforsuper)

How the external investment managers invest in derivatives is included in their **PDS**, available at [mlc.com.au/findafund](https://mlc.com.au/findafund) in the 'External funds' tab.

### Understanding your investment performance

The investment options available may change at any time and information about the current investment options including their investment objective is available at [mlc.com.au/fundprofiletool](https://mlc.com.au/fundprofiletool)

You can also find information about your investment returns in your Annual Statements.

## How your money is invested

Some investment options are closed to additional and new investment. If you're invested in a closed investment option, it may not be referred to in the current Investment Menu or in a current Product Disclosure Statement for your product.

Product name	Investment objective	Investment strategy	About your account value
<b>MLC MasterKey</b>			
<b>MLC MasterKey Super &amp; Pension Fundamentals</b>	To provide a selection of investment options so you can invest according to your individual needs and circumstances.	The Trustee invests in suitably structured portfolios.	When money is paid into your account, units are allocated to your account and when money is paid out, units are deducted from your account.
<b>MLC MasterKey Business Super</b>		Each investment option available has an individual investment objective and strategy.	The value of your account is based on: <ul style="list-style-type: none"> <li>the number of units in your chosen investment options, and</li> <li>the price of those units.</li> </ul>
<b>MLC MasterKey Personal Super</b>			The overall value of your account will change according to the unit price and the number of units you hold.
<b>MLC MasterKey Term Allocated Pension</b>			Unit prices are calculated as at the end of each business day and robust unit pricing policies are used to do this.
			The unit price will reflect the performance of the underlying assets, income earned, fees, expenses and taxes paid and payable.
			The performance of the underlying assets is influenced by movements in investment markets such as local and overseas share markets, bond and property markets.
			If you would like to find out more about our unit pricing philosophy, go to <a href="https://mlc.com.au/unitpricingphilosophy">mlc.com.au/unitpricingphilosophy</a>
			<b>NAB Fixed Rate Fund</b> (only available to members in MLC MasterKey Term Allocated Pension)
			A guaranteed interest rate is payable for the term selected. Interest is calculated daily and credited: <ul style="list-style-type: none"> <li>on withdrawal or switch, or</li> <li>on maturity.</li> </ul>
			An exit fee applies if you withdraw before the maturity date. This fee will reduce the earnings on your investment.
			<b>NAB Term Deposit</b> (only available to members in MLC MasterKey Super & Pension Fundamentals)

# How your money is invested

Product name	Investment objective	Investment strategy	About your account value
MLC MasterKey			
			<p>A guaranteed interest rate is payable for the term selected. Interest is calculated daily and credited annually on the anniversary of the term, or on maturity.</p> <p>Early withdrawals are only permitted in extreme circumstances and will result in reduced interest.</p>
MLC Super Pension Plan			
MLC Super Pension Plan	To provide a fixed regular income stream for a selected period.	The Trustee has purchased an annuity policy with MLC Limited.	This plan provides a fixed regular income stream for a selected period.

## How your money is invested

Product name	Investment objective	Investment strategy	About your account value
<b>MLC Capital Guaranteed products</b>			
<b>MLC Maturity Growth Superannuation Plan</b>  <b>MLC Capital Guaranteed Personal Super Savings Plan Series 1-2</b>	To balance risk and return considerations while securing guarantees to members.	The Trustee invests in policies issued by MLC Limited who, in turn, invests in a suitably structured portfolio of securities. Surplus assets, over and above those required to fund guaranteed benefits, are generally invested in a more diversified portfolio to increase potential returns.	<p>A declared rate of interest is allocated to your account after 30 June each year.</p> <p>If you withdraw during the year, an interim rate is calculated and applied to your daily account balance before your benefit is paid.</p> <p>The interim rate is set with the intention to reflect the year to date earnings and, as a result, may differ from the declared rate.</p>
<b>MLC Whole of Life Superannuation</b>  <b>MLC Endowment Superannuation</b>  <b>MLC Pure Endowment Superannuation</b>  <b>Whole of Life Endowment</b>	Aims to provide a guaranteed benefit payable on maturity of the policy or your death.	The Trustee invests in policies issued by MLC Limited who, in turn, invests in a suitably structured portfolio of securities. Surplus assets, over and above those required to fund guaranteed benefits, are generally invested in a more diversified portfolio to increase potential returns.	In most cases, these products earn bonuses which are allocated annually. Your bonuses, where applicable, are advised each year in your Annual Statement.
<b>MLC Insurance products</b>			
<b>MLC Life Cover Super</b>  <b>MLC Insurance (Super)</b>  <b>MLC Protection - Life</b>  <b>MLC Protection - Executive Life</b>  <b>Solitaire</b>	Your contributions are used to pay the premiums for the insurance cover selected.		These products do not have an account balance or value.

# Financial Report

The following abridged Fund financial information for the financial year ended 30 June 2020 is for the MLC Super Fund.

Please call us if you wish to receive a printed copy of the full audited financial statements and auditor's report.



# Financial Report

## MLC Super Fund Abridged Financial Information – Statement of Financial Position

As at 30 June 2020

	2020	2019
	\$m	\$m
<b>Assets</b>		
Cash and cash equivalents	1,193	814
Outstanding settlements	13	13
Other receivables	40	51
Investments measured at fair value		
Fixed interest securities	223	228
Unlisted unit trusts	73,008	80,513
Life insurance policies	201	213
Derivative assets	106	14
Income tax receivable	-	168
<b>Total assets</b>	<b>74,784</b>	<b>82,014</b>
<b>Liabilities</b>		
Payables	118	188
Derivative liabilities	-	2
Income tax payable	116	-
Deferred tax liabilities	202	728
<b>Total liabilities excluding member benefits</b>	<b>436</b>	<b>918</b>
<b>Net assets available for member benefits</b>	<b>74,348</b>	<b>81,096</b>
<b>Member benefits</b>		
Defined contribution member liabilities	69,837	76,340
Defined benefit member liabilities	4,118	4,171
Unallocated contributions	8	11
<b>Total member liabilities</b>	<b>73,963</b>	<b>80,522</b>
<b>Total net assets</b>	<b>385</b>	<b>574</b>
<b>Equity</b>		
Investment reserve	56	24
Defined benefit surplus	211	433
Administration reserve	10	11
Self-insurance reserve	11	11
General reserve	68	84
Other reserves	29	11
<b>Total equity</b>	<b>385</b>	<b>574</b>

# Financial Report

## MLC Super Fund Abridged Financial Information – Income Statement

For the year ended 30 June 2020

	2020 \$m	2019 \$m
<b>Superannuation activities</b>		
Interest	15	23
Dividend and trust distributions	2,122	2,853
Changes in investments measured at fair value	(3,820)	3,040
Other income	9	11
<b>Total superannuation activities (losses)/income</b>	<b>(1,674)</b>	<b>5,927</b>
Administration fees	334	411
Investment expenses	222	217
Operating expenses	19	7
<b>Total expenses</b>	<b>575</b>	<b>635</b>
<b>Net result from superannuation activities</b>	<b>(2,249)</b>	<b>5,292</b>
<b>(Loss)/profit from operating activities</b>	<b>(2,249)</b>	<b>5,292</b>
Less/(add): Net benefits allocated to defined contribution member accounts	1,876	(4,843)
Less: Net change in defined benefit member liabilities	(28)	(341)
<b>(Loss)/profit before income tax</b>	<b>(401)</b>	<b>108</b>
Income tax (benefit)/expense	(435)	104
<b>Profit after income tax</b>	<b>34</b>	<b>4</b>

# Financial Report

## MLC Super Fund

### Abridged Financial Information – Statement of changes in member benefits

For the year ended 30 June 2020

	Defined Contribution Members \$m	Defined Benefit Members \$m	Total \$m
<b>Opening balance of member benefits as at 1 July 2019</b>	76,340	4,171	80,511
Contributions:			
Employer	3,609	97	3,706
Member	867	5	872
Transfer from other superannuation plans	1,703	20	1,723
Transfer to other superannuation plans	(6,526)	(291)	(6,817)
Income tax on contributions	(436)	(10)	(446)
<b>Net after tax contributions</b>	(783)	(179)	(962)
Benefits to members/beneficiaries	(3,622)	(122)	(3,744)
Insurance premiums charged to members' accounts	(700)	(3)	(703)
Death and disability benefits credited to members' accounts	477	1	478
<b>Reserves transferred to members' accounts</b>	1	222	223
<b>Benefits allocated to members' accounts comprising:</b>			
Net investment income	(1,547)	-	(1,547)
Administration fees	(329)	(5)	(334)
Net change in defined benefit member benefits	-	33	33
<b>Closing balance of member benefits as at 30 June 2020</b>	<b>69,837</b>	<b>4,118</b>	<b>73,955</b>

<b>Opening balance of member benefits as at 1 July 2018</b>	75,421	4,316	79,737
Contributions:			-
Employer	3,612	209	3,821
Member	752	4	756
Transfer from other superannuation plans	1,754	15	1,769
Transfer to other superannuation plans	(6,375)	(313)	(6,688)
Income tax on contributions	(414)	(20)	(434)
<b>Net after tax contributions</b>	(671)	(105)	(776)
Benefits to members/beneficiaries	(2,981)	(122)	(3,103)
Insurance premiums charged to members' accounts	(779)	(4)	(783)
Death and disability benefits credited to members' accounts	379	-	379
<b>Reserves transferred to/(from) members' accounts:</b>	128	(255)	(127)
<b>Benefits allocated to members' accounts comprising:</b>			-
Net investment income	5,249	-	5,249
Administration fees	(406)	(5)	(411)
Net change in defined benefit member benefits	-	346	346
<b>Closing balance of member benefits as at 30 June 2019</b>	<b>76,340</b>	<b>4,171</b>	<b>80,511</b>

# Financial Report

## MLC Super Fund Abridged Financial Information – Statement of changes in reserves

For the year ended 30 June 2020

	Investment reserve	Defined benefit surplus	Administration reserve	Self- insurance reserve	General reserve	Other reserves	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening balance as at 1 July 2019</b>	24	433	11	11	84	11	574
Net transfers from members'	-	(222)	-	-	-	(1)	(223)
accounts Profit/(loss)	32	-	(1)	-	(16)	19	34
<b>Closing balance as at 30 June 2020</b>	<b>56</b>	<b>211</b>	<b>10</b>	<b>11</b>	<b>68</b>	<b>29</b>	<b>385</b>

	Investment reserve	Defined benefit surplus	Administration reserve	Self- insurance reserve	General reserve	Other reserves	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening balance as at 1 July 2018</b>	42	161	55	10	62	113	443
Net transfers to/(from) members'	-	255	(46)	-	26	(108)	127
accounts Profit/(loss)	(18)	17	2	1	(4)	6	4
<b>Closing balance as at 30 June 2019</b>	<b>24</b>	<b>433</b>	<b>11</b>	<b>11</b>	<b>84</b>	<b>11</b>	<b>574</b>

# Financial Report

## MLC Super Fund Abridged Financial Information – Statement of cash flows

For the year ended 30 June 2020

	2020 \$m	2019 \$m
<b>Cash flows from operating activities</b>		
Interest	15	23
Distribution income	148	139
Other income	9	1
Insurance premiums	(722)	(756)
Investment expenses	(222)	(217)
Administration and operating expenses	(387)	(327)
Income tax received/(paid)	191	(512)
<b>Net cash flows from operating activities</b>	<b>(968)</b>	<b>(1,649)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	21,771	12,484
Purchases of investments	(16,180)	(7,993)
<b>Net cash flows from investing activities</b>	<b>5,591</b>	<b>4,491</b>
<b>Cash flows from financing activities</b>		
Employers' contributions	3,703	3,825
Members' contributions	873	756
Transfer from other superannuation plans	1,722	1,769
Transfer to other superannuation plans	(6,817)	(6,688)
Benefits to members/beneficiaries	(3,757)	(3,091)
Death and disability benefits credited to members' accounts	478	379
Income tax on contributions	(446)	(434)
<b>Net cash flows from financing activities</b>	<b>(4,244)</b>	<b>(3,484)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>379</b>	<b>(642)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>814</b>	<b>1,456</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,193</b>	<b>814</b>



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