



# Annual Report 2013

**MLC Navigator Access  
Super and Pension**



**Preparation date:**  
1 November 2013

**Issued by:** The Trustee,  
NULIS Nominees (Australia) Limited  
ABN 80 008 515 633 AFSL 236 465

for MLC Superannuation Fund  
ABN 40 022 701 955

This Annual Report is your update on how your money is invested and a reminder of some things you should know. Financial Reports are also provided.

This is the Annual Report for the MLC Superannuation Fund and is relevant to MLC Navigator Access Super and Pension Service.

We've also included an update on how we manage individual investment options.

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# A year in review

The 2012/13 financial year has been positive for your super fund. Investment returns were strong, and changes were made to legislation which aim to deliver a stronger, more efficient super system.

Average super fund returns achieved double figures, boosted by sharp increases in growth assets. Global shares made significant gains, closely followed by Australian shares and property securities. Defensive assets were also supportive, with global fixed income rising solidly.

Also over the year, the Government made important changes to super legislation. These changes aim to deliver a stronger, more efficient super system, and will help you take greater control of your super by making it easier to consolidate your accounts, reduce the fees you pay and find your lost super. We believe these changes will also help members who don't take an active role in managing their super to maximise their retirement incomes.

We're investing significantly to comply with the changes to super legislation and, at the same time, we're improving our products and processes to make managing your money easier for you. You may have already noticed some changes, and there are more to come.



**Nicole Smith**

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 your interests.

Made up of executive and non-executive directors who are personally responsible for any decisions they make, their duties include:

- providing investment choice
- ensuring your interests are maintained, and
- keeping you informed of any changes.

The Trustee Board is liable for its activities and has professional indemnity insurance.

The Trustee Board has appointed Navigator Australia Limited (ABN 45 006 302 987) to carry out the day-to-day administration of the MLC Superannuation Fund.

## Meet the Board

The directors are:

### **Nicole Smith (Chair)**

BFA 1990, CA  
GAICD

### **Michael Clancy**

B Bus (Finance and Economics) 1992  
CFA 1997

### **Michael Fitzsimons**

Diploma of Financial Services  
ANZIF

### **John Reid**

B Sc Mathematical Physics 1971  
FIA (UK and Australia)

### **Peggy O'Neal**

BA (Virginia) 1973  
JD (Virginia) 1976  
Diploma of Superannuation  
Management (Macquarie) 1994  
FAICD

### **Richard Rassi**

B Comm (UNSW) 1983  
Certificate of Superannuation Management  
(Macquarie) 1993  
FCA, FAICD

### **Trevor Hunt**

B Bus (Accounting and Economics) 1989

## Trustee director movements

**Geoff Webb** retired effective 31 December 2012.

**Richard Morath** retired effective 31 December 2012.

**Nicole Smith** became Chair of the Board effective 1 January 2013.

**Trevor Hunt** was appointed non-executive director effective 1 March 2013.

**Michael Clancy** moved to non-executive status effective 19 April 2013.

**John Reid** moved to non-executive status effective 28 June 2013.

# Some things you should know

## Transfers to an Eligible Rollover Fund

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

- you haven't made a contribution in the last 12 months and your balance falls below \$1,000, or
- we lose contact with you and can't locate you.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and it can be contacted on **1800 677 424**.

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 be detrimental to you 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 on the ATO website at [ato.gov.au](http://ato.gov.au)

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

- your account balance is less than \$2,000 and
  - no contributions have been made to your account for 12 months and we have no way of contacting you, or
  - your account was set up through your employer and there have been no contributions made for over 5 years
- you're over 65 (male) or 60 (female), no contributions have been made to your account for over 2 years and you haven't contacted us for at least 5 years
- the ATO informs us that you were a former temporary resident and left the country over six months ago, or
- upon your death and after an extended period of time, we've tried but been unable to identify or contact the beneficiary of your account.

The law also requires us to transfer to the ATO the portion payable to your spouse as a result of Family Law ruling, if after an extended period of time we have not been able to contact your spouse, or your spouse's beneficiary/estate.

If your account is transferred to the ATO for any of these reasons, you will then have to contact the ATO on **131 020** to claim your benefit.

## Surcharge assessment for prior years

The Superannuation Contributions Surcharge (Surcharge) was removed in relation to contributions made from 1 July 2005. However, a Surcharge liability may still arise in respect of relevant contributions made in prior years.

The Surcharge assessment may be sent to us, in which case, the amount will generally be deducted from your account (unless it's a pension account) and paid to the ATO.

If you've withdrawn your account balance (in whole or in part) or commenced a pension, the ATO may send the Surcharge assessment to your new super arrangement or directly to you.

Where you receive the assessment directly, you'll be responsible for paying the Surcharge to the ATO. If you have a pension account, you're generally able to ask us to pay you a lump sum in order to meet your Surcharge liability.

If you have any questions about the Surcharge please visit the ATO website at [ato.gov.au](http://ato.gov.au) or call **131 020**.

## Illiquid investments and portability

When you ask us to roll over or transfer your account balance, we're required to respond to this within 30 days. There may be a delay in processing your request where part of your account balance is invested in an 'illiquid investment'.

### What is an illiquid investment?

An investment is considered illiquid when you're unable to access your investment within the required 30 days, or if you do it would be at a materially lower price. This situation may arise when:

- a fund manager suspends transactions or closes their fund
- the normal redemption processing timeframe for a fund is greater than 30 days, or
- a listed investment is under administration, suspended or delisted.

Where we're unable to process your request within 30 days, we'll notify your financial adviser of this and provide details of the illiquid investments.

# Some things you should know

## Suspended or terminated managed funds

Economic and financial market conditions over the last couple of years resulted in some investment managers suspending redemptions on their funds.

In some cases the managed fund may have been closed.

If you have some of these investments, we've already notified you about these changes.

You can find a summary of these managed funds, including details of their current status on our website.

## Resolving complaints

We can usually resolve complaints over the phone. If we can't, or you're not satisfied with the outcome, please write to us. We'll work to resolve your complaint as soon as possible.

If you're not satisfied with our decision you can get further advice from the Superannuation Complaints Tribunal by calling **1300 884 114**, or emailing **info@sct.gov.au**

More information is available on **sct.gov.au**

## Protecting all investors

### 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, or
- we have difficulty in completing transactions due to low liquidity, which could occur with investment options that use higher risk strategies.

### Transaction cost policy

The Trustee is responsible for ensuring that the costs of buying and selling assets when members transact are shared in an equitable way. This is achieved by offsetting the costs of member transactions against individual member assets as they arise.

# About your account value

## How earnings are reflected in your account

Income from investments will be in the form of capital growth, and distributions that occur at different times throughout the year.

Income received is usually net of fees and charges.

Your income distributions are invested in line with your instructions to:

- reinvest earnings to the selected investment options, or
- deposit earnings to your Transaction Account.

## How your account is valued

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.

The value of your account is based on:

- the number of units in your chosen investment options, and
- the price of those units.

The overall value of your account will change according to the unit price and the number of units you hold.

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 our website.

# How your money is invested

## Investment objective

The overall objective is to provide you with the flexibility to plan your own diversified investment option profile by selecting from a range of investment strategies.

A selection of investment options are provided so you can invest according to your individual needs and circumstances.

You can find specific details about the individual investment options available on pages 10 to 26.

The investment options may change at any time and are available on our website. You can also find more information about your investment returns on your annual statement.

## Investment fees

The investment fees shown on pages 10 to 26 reflect the actual fees for the year ending 30 June 2013.

Investment fees are reflected in the daily unit price for each investment option and vary as investment costs change.

Some investment managers provide a rebate on their investment management fee, which we pass entirely back to your account. The investment fees in the investment option profiles are shown after allowing for this rebate.

## Performance fees

An investment manager may charge a performance fee when its investment returns exceed a specified level. Where applicable, the actual performance fee for the year ending 30 June 2013 is included in the investment fees shown. The actual performance fee charged in future periods may differ from that disclosed in this report.

You can get more information on how performance fees are calculated by going to the investment managers' Product Disclosure Statement available on our website.

## Asset allocation

This section details the assets that have a value in excess of 5% of the total assets of the MLC Superannuation Fund as at 30 June 2013:

- NAB Professional Funds Account – 8.68%

## Standard Risk Measure

Investment risk is one of many things that should be considered when making an investment decision. The Standard Risk Measure is a simple measure designed to help you compare investment risk across the investment options.

The Standard Risk Measure is the estimated number of negative annual returns in any 20 year period. However, the number of negative returns that occur in a 20 year period may be different to the estimate.

The risk categories are:

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The Standard Risk Measure is based on industry guidelines however it isn't a complete assessment of investment risk. For example:

- it doesn't capture the size of a possible negative return or the potential for sufficient positive returns to meet your objectives, and
- it doesn't take into account the impact of fees and tax. These would increase the chance of a negative return.

There are many ways you, and your financial adviser, can assess the impact of risk on your investment strategy. You should make sure you're comfortable with the risks and potential losses associated with the investment options you choose.

You can read about how we calculate the estimates for the Standard Risk Measure on our website.

## Derivatives

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, and options. 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 of the underlying asset moves against them.

We currently don't directly invest in or use financial derivatives except where financial derivatives are acquired as a result of a corporate action in relation to an investment within the MLC Superannuation Fund.

Some of the available investment options may however invest in financial derivatives. How investment managers invest in derivatives is included in their Product Disclosure Statement on our website.

# Investment option profiles

	<b>Access Cash</b>	<b>Access Australian Monthly Income Fund (closed) (formerly Access AXA Australian Monthly Income Fund)</b>
<b>Investment objective</b>	To achieve returns in the short term that are competitive with that available from the short-term money market (before taking into account fees and taxes).	See below.
<b>About the investment option</b>	Invests primarily in bank deposits and money-market securities issued by the Australian government, state government, banks and companies, but may also invest in longer maturity mortgage/asset backed securities and corporate bonds with floating interest rates.	The Fund invests in the Wholesale Global Equity – Value Fund. The Fund is in the process of being wound up with capital repayments to investors intended to be complete by mid 2014. AMP Capital will continue to make income distributions throughout the wind up process and actively manage the assets in the best interests of the unitholders.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want a low risk investment.</li> </ul>	Not applicable
<b>Minimum suggested time to invest</b>	One month	Not applicable
<b>Target asset allocation</b>	100% Cash	100% Mortgages
<b>Estimated number of negative annual returns</b>	Low, less than 1 year in 20	Low to medium, between 1 and 2 years in 20
<b>Management costs (% pa)</b>	1.35	2.00
<b>Fund Manager</b>	Antares	AMP Capital

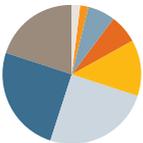
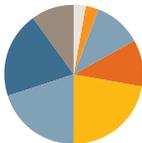
<b>Access Howard Wholesale Mortgage (closed) (formerly Access Challenger Howard Wholesale Mortgage)</b>	<b>Access Antares Premier Fixed Income Fund</b>
<p>To provide investors with a diversified income producing portfolio that aims to deliver regular income and capital stability.</p>	<p>To outperform its benchmark over a rolling three year period by investing in a broadly diversified portfolio of fixed income securities (both Australian and global).</p>
<p>The Fund gains its exposure to its investments by investing in the Howard Mortgage Fund. The Fund will be invested in a diversified portfolio of mainly commercial mortgage loans and interest-bearing securities. The Fund may also invest in cash and other short-term investments. The Fund may make investments directly or indirectly by investing in other managed funds that have substantially the same principal investments.</p>	<p>To invest in a broadly diversified portfolio of fixed income securities (both Australian and global). It seeks to enhance returns and improve diversification by including high yield fixed income and exposure to bonds issued by overseas governments. The Fund may invest up to 20% in cash.</p>
<ul style="list-style-type: none"> <li>the investment option is closed to new and additional investments, including the reinvestment of distributions.</li> </ul>	<ul style="list-style-type: none"> <li>you want access to a diverse portfolio with exposure to both Australian and global fixed income markets via a single diversified fund, and</li> <li>you want a medium risk investment providing income and some capital growth over the medium to long term.</li> </ul>
<p>Not applicable</p>	<p>Three years</p>
<p>Not applicable</p>	<p>75% Australian debt securities 25% Global debt securities</p>
<p>Low to medium, between 1 and 2 years in 20</p>	<p>Medium to high, between 3 and 4 years in 20</p>
<p>2.00</p>	<p>1.70</p>
<p>Fidante Partners Limited</p>	<p>Antares</p>

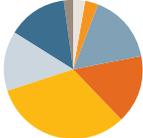
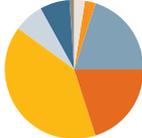
# Investment option profiles

	<b>Access PIMCO Wholesale EQT Global Bond Fund</b>	<b>Access BlackRock Monthly Income (closed)</b>
<b>Investment objective</b>	To achieve maximum total return by investing in global fixed interest securities and to preserve capital through prudent investment management.	To achieve a total return of 1.70% pa in excess of the UBS Australia Bank Bill Index before fees over the medium-term (3 years). There may be variations in performance in periods of extreme market volatility.
<b>About the investment option</b>	The Fund invests predominantly in Investment Grade government, corporate, mortgage and other fixed interest securities. It may also invest in non-Investment Grade fixed interest securities and Emerging Market Debt. The Fund will normally be hedged 90–110% to the Australian dollar.	The Fund invests in debt securities or other debt instruments issued or guaranteed by governments and corporates or asset backed securities. Derivatives may be used. A minimum of 75% of the Fund must be held in securities rated investment grade or better (ie at least BBB-). International debt securities are substantially hedged back to the Australian dollar.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to have a broadly diversified exposure to international fixed interest markets.</li> </ul>	<ul style="list-style-type: none"> <li>• you want potentially higher returns than cash with access to a regular monthly income stream, with some volatility, and</li> <li>• you might be considering investing in mortgage or bond funds.</li> </ul>
<b>Minimum suggested time to invest</b>	Five to seven years	Three years
<b>Target asset allocation</b>	100% Global debt securities	100% Australian and international debt securities (all exposures are intended to be hedged back to \$AUD floating rate exposures)
<b>Estimated number of negative annual returns</b>	Medium, 2 years in 20	Medium, 2 years in 20
<b>Management costs (% pa)</b>	1.80	1.90
<b>Fund Manager</b>	Equity Trustees Limited	BlackRock

<p><b>Access AMP Capital Enhanced Yield Fund (closed)</b></p>	<p><b>Access Challenger Guaranteed Income Fund (closed) (formerly Access Challenger High Yield Fund)</b></p>
<p>To provide a regular and consistent level of income. Aims to provide returns above the Reserve Bank of Australia Cash Rate (after costs and before tax). Aims to return capital to investors over time via capital distributions.</p>	<p>Aims to provide specified and regular distributions until maturity date as well as a maturity price of \$1.00 per unit by holding on annuity issued by Challenger Life.</p>
<p>The Fund invests in private debt and has a small holding in cash and liquid securities.</p>	<p>The Fund invests in an annuity issued by Challenger Life that closely matches the distributions, maturity unit price and maturity profile of the units in the Fund.</p>
<ul style="list-style-type: none"> <li>the Fund is currently illiquid with available liquidity being paid to investors via pro-rata capital distributions. As we return capital to investors over time the credit risk of the Fund will likely become more concentrated and increase.</li> </ul>	<ul style="list-style-type: none"> <li>the investment option is closed to new and additional investments.</li> </ul>
<p>Not applicable</p>	<p>To maturity</p>
<p>100% Debt securities</p>	<p>Not applicable</p>
<p>Medium to high, 3 years in 20</p>	<p>Low to medium, between 1 and 2 years in 20</p>
<p>2.05</p>	<p>1.30</p>
<p>AMP Capital</p>	<p>Fidante Partners Limited</p>

# Investment option profiles

	Access Pre Select Conservative	Access Pre Select Balanced
<b>Investment objective</b>	To provide medium-term returns higher than those generally associated with cash and fixed income securities, while providing lower volatility in short-term investment returns than funds with a greater proportion of growth assets.	To provide medium to long-term returns that are generally higher than those achievable by investing in capital guaranteed or capital stable funds.
<b>About the investment option</b>	Invests a high proportion of assets in defensive asset classes such as cash and fixed income securities with the balance in growth assets. The likelihood of the portfolio incurring a negative return in any particular year is moderate.	Maintains a balanced spread of investments between growth and defensive assets. The likelihood of the portfolio incurring a negative return in any particular year is moderate to high.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to invest with a bias to defensive assets, with some exposure to growth assets, and are seeking stable returns.</li> </ul>	<ul style="list-style-type: none"> <li>• you want to invest in an approximately equal mix of defensive and growth assets, and</li> <li>• you want a portfolio with some long-term capital growth potential and can tolerate moderate to large changes in value.</li> </ul>
<b>Minimum suggested time to invest</b>	Three years	Five years
<b>Target asset allocation</b>	 <ul style="list-style-type: none"> <li>20% Cash</li> <li>25% Australian fixed income</li> <li>25% Global fixed income (hedged)</li> <li>13% Australian shares</li> <li>6.5% Global shares (unhedged)</li> <li>6.5% Global shares (hedged)</li> <li>2% Australian property securities</li> <li>2% Global property securities (hedged)</li> </ul>	 <ul style="list-style-type: none"> <li>10% Cash</li> <li>20% Australian fixed income</li> <li>20% Global fixed income (hedged)</li> <li>22% Australian shares</li> <li>11% Global shares (unhedged)</li> <li>11% Global shares (hedged)</li> <li>3% Australian property securities</li> <li>3% Global property securities (hedged)</li> </ul>
<b>Estimated number of negative annual returns</b>	Medium, 2 years in 20	Medium to high, 3 years in 20
<b>Management costs (% pa)</b>	1.85	1.90
<b>Fund Manager</b>	Multiple managers appointed by Navigator Australia Limited	Multiple managers appointed by Navigator Australia Limited

Access Pre Select Growth	Access Pre Select High Growth
<p>To provide higher returns than those expected from capital stable and balanced strategies over the long-term.</p>	<p>To provide higher returns than those expected from capital stable, balanced and growth strategies over the long-term.</p>
<p>Maintains a high proportion of growth assets in order to achieve high returns in the long-term. The likelihood of the portfolio incurring a negative return in any particular year is high.</p>	<p>Dominated by growth assets with a very low allocation to defensive assets. The likelihood of the portfolio incurring a negative return in any particular year is high.</p>
<ul style="list-style-type: none"> <li>• you want to invest with a bias to growth assets, and</li> <li>• you want a portfolio with a bias to long term capital growth potential and can tolerate moderate to large changes in value.</li> </ul>	<ul style="list-style-type: none"> <li>• you want to invest with a strong bias to growth assets, and</li> <li>• you want a portfolio with a strong bias to long-term capital growth potential and can tolerate large changes in value.</li> </ul>
<p>Six years</p>	<p>Seven years</p>
 <ul style="list-style-type: none"> <li>2% Cash</li> <li>14% Australian fixed income</li> <li>14% Global fixed income (hedged)</li> <li>32% Australian shares</li> <li>16% Global shares (unhedged)</li> <li>16% Global shares (hedged)</li> <li>3% Australian property securities</li> <li>3% Global property securities (hedged)</li> </ul>	 <ul style="list-style-type: none"> <li>1% Cash</li> <li>7% Australian fixed income</li> <li>7% Global fixed income (hedged)</li> <li>40% Australian shares</li> <li>20% Global shares (unhedged)</li> <li>20% Global shares (hedged)</li> <li>2.5% Australian property securities</li> <li>2.5% Global property securities (hedged)</li> </ul>
<p>Medium to high, 4 years in 20</p>	<p>High, 5 years in 20</p>
<p>1.95</p>	<p>2.10</p>
<p>Multiple managers appointed by Navigator Australia Limited</p>	<p>Multiple managers appointed by Navigator Australia Limited</p>

# Investment option profiles

	<b>Access OnePath – Tax Effective Income</b>	<b>Access Property Securities Index</b>
<b>Investment objective</b>	The Trust aims to provide income and achieve returns (before fees and taxes) that on average exceed inflation by at least 5.0% pa, over periods of five years or more.	To closely track the S&P/ASX 200 A-REIT Accumulation Index with the aim of generating returns (before tax and fees and assuming income reinvestment) comparable to the listed property sector of the Australian share market, as measured by that benchmark.
<b>About the investment option</b>	The Trust invests in a diversified mix of Australian assets with a bias towards income producing growth assets. The Trust is actively managed in accordance with a disciplined investment process.	Detailed risk analysis is used to design a portfolio of property securities which provide the greatest likelihood of matching performance of the S&P/ASX 200 A-REIT Accumulation Index. All shares in this option are maintained within a very close margin of their weight in the index. It predominantly invests in Australian property securities and doesn't hedge currency risk.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you are seeking higher long-term returns through investing in a diversified mix of income producing asset classes with a bias towards growth assets.</li> </ul>	<ul style="list-style-type: none"> <li>• you want indirect exposure to property markets via property trusts listed on the Australian Securities Exchange.</li> </ul>
<b>Minimum suggested time to invest</b>	Five years	Five years
<b>Target asset allocation</b>	0% Cash 30% Australian fixed interest 40% Australian shares 30% Property securities	0–5% Cash 95–100% Australian property securities
<b>Estimated number of negative annual returns</b>	Medium to high, between 3 and 4 years in 20	High, between 5 and 6 years in 20
<b>Management costs (% pa)</b>	2.15	1.65
<b>Fund Manager</b>	OnePath. Managed on behalf of OnePath by UBS	Colonial First State

<b>Access Macquarie Property Securities</b>	<b>Access BlackRock Combined Property Income (closed)</b>
To outperform the S&P/ASX 200 Property Trust Accumulation Index over the medium to long-term (before fees).	To provide a combination of income and growth over the medium to long-term. Aims to outperform the benchmark – 50% Mercer/IPD Australian Pooled Property Fund Index (before fees) and 50% S&P/ASX 300 Property Trust Accumulation Index, over rolling five year periods.
The Fund provides exposure to Australian listed property securities and may have exposure to overseas property securities, Australian and overseas property development companies and other securities such as infrastructure securities. The Fund may also invest in derivatives to hedge foreign currency exposure or as an alternative to direct investments in property securities.	Invests in a portfolio of direct property and listed property securities through investment in the BlackRock Property Trust (Aust) and the BlackRock Wholesale Indexed Australian Listed Property Fund. The Property Trust may borrow up to a maximum of 40% of the value of the Property Trust.
<ul style="list-style-type: none"> <li>• you want a diversified portfolio of property securities, and</li> <li>• you want some capital growth.</li> </ul>	<ul style="list-style-type: none"> <li>• you want exposure to direct property, listed and unlisted property securities.</li> </ul>
Five years	Five years
0–5% Cash 85–100% Australian property securities 0–15% International property securities	100% Property
High, between 5 and 6 years in 20	Medium to high, between 3 and 4 years in 20
1.90	2.05
Macquarie Investment Management Limited	Merrill Lynch

# Investment option profiles

	<b>Access CFS Global Property Securities (formerly Access CFS Colliers International Property Securities)</b>	<b>Access Australian Shares Index</b>
<b>Investment objective</b>	To maximise the total return by investing in a broad selection of listed global property-related investments from around the world.	To closely track the S&P/ASX 200 Accumulation Index with the aim of generating returns (before tax and fees and assuming income reinvested) comparable to the Australian sharemarket as measured by that benchmark.
<b>About the investment option</b>	Invests primarily in property securities sourced anywhere in the world. Fund investments may include securities that provide exposure to commercial, retail and industrial properties and, to a lesser extent, car parks, hotel, leisure properties, appropriate infrastructure projects, and other property related investments.	Detailed risk analysis is used to design a portfolio of shares which provide the greatest likelihood of matching performance of the S&P/ASX 200 Accumulation Index. All shares in this option are maintained within a very close margin of their weight in the index. It predominantly invests in Australian companies and doesn't hedge currency risk.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to diversify your property investment portfolio through investment in overseas listed property securities.</li> </ul>	<ul style="list-style-type: none"> <li>• you want exposure to the Australian listed sharemarket.</li> </ul>
<b>Minimum suggested time to invest</b>	Five years	Seven years
<b>Target asset allocation</b>	0–20% Cash 80–100% Global property securities	100% Australian shares
<b>Estimated number of negative annual returns</b>	High, between 4 and 5 years in 20	Very high, 6 years in 20
<b>Management costs (% pa)</b>	2.15	1.65
<b>Fund Manager</b>	Colonial First State	Colonial First State

<h2>Access Pre Select Australian Equity</h2>	<h2>Access Alphinity Boutique Australian Equity</h2>
<p>To provide medium to long-term capital growth by primarily investing in a well diversified portfolio of Australian equities listed on the Australian Securities Exchange (and other regulated exchanges).</p>	<p>To outperform the S&amp;P/ASX 300 Accumulation Index over rolling three-year periods.</p>
<p>Invests in a variety of Australian companies whose share price is expected to appreciate over time. These investments are made through specialist managers. The likelihood of this portfolio incurring a negative return in any particular year is high.</p>	<p>The Fund is managed by Alphinity who seeks to build a diversified portfolio of between 35–55 Australian stocks listed on the Australian Securities Exchange (ASX). Alphinity is an active, core Australian equities manager that believes a company’s earnings growth and expected earnings growth ultimately drives its share price performance.</p>
<ul style="list-style-type: none"> <li>• you want to invest in an actively managed Australian share portfolio that’s diversified across investment managers, industries and companies.</li> </ul>	<ul style="list-style-type: none"> <li>• you want exposure to the Australian listed sharemarket.</li> </ul>
<p>Seven years</p>	<p>Five years</p>
<p>100% Australian shares</p>	<p>0–10% Cash 90–100% Securities</p>
<p>High, between 5 and 6 years in 20</p>	<p>High, nearly 6 years in 20</p>
<p>2.00</p>	<p>2.07</p>
<p>Multiple managers appointed by Navigator Australia Limited</p>	<p>Alphinity Investment Management Pty Ltd</p>

# Investment option profiles

	<b>Access Perpetual Geared Australian Equity</b>
<b>Investment objective</b>	To enhance long-term capital growth through borrowing (gearing) to invest in quality shares.
<b>About the investment option</b>	<p>Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced.</p> <p>The Fund invests primarily in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. Currency hedges may be used from time to time. Derivatives may be used including for gearing purposes.</p> <p>The gearing level of the Fund (borrowings divided by the total gross value of assets) must be kept within pre-determined guidelines. Within these, Perpetual aims to ensure that the gearing level is maximised, subject to the cost of borrowing being adequately covered by net income. It will depend on the present levels and future expectations of the Fund's net income (income after fees and expenses and excluding franking credits) and the cost of borrowings. If the Fund's gearing level exceeds 60% (due to withdrawals or negative market movements), Perpetual will reduce the gearing level to 60% (or lower) within a reasonable period of time.</p>
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to invest in a geared portfolio of Australian shares.</li> </ul>
<b>Minimum suggested time to invest</b>	Seven years
<b>Target asset allocation</b>	0–10% Cash 90–100% Australian shares 0–60% Gearing level
<b>Estimated number of negative annual returns</b>	High, between 5 and 6 years in 20
<b>Management costs (% pa)</b>	2.42 (assumes no gearing)
<b>Fund Manager</b>	Perpetual

<b>Access Pre Select Australian Small Companies</b>	<b>Access Investors Mutual Australian Shares</b>
To provide medium to long-term capital growth by primarily investing in Australian smaller companies (generally outside the top 100 by market capitalisation) listed on the Australian Securities Exchange (and other regulated exchanges).	To provide a return (after fees and expenses and before taxes) which exceeds the S&P/ASX 300 Accumulation Index, over rolling four year periods.
Invests in a variety of Australian small companies considered to possess strong capital growth potential. These investments are made through specialist managers that exhibit varying investment approaches. The likelihood of this portfolio incurring a negative return in any particular year is very high.	The Fund has a bottom up approach, investing in a diversified portfolio of quality ASX listed Australian and New Zealand industrial and resource shares, where these shares are identified by the investment team as being undervalued.
<ul style="list-style-type: none"> <li>• you want exposure to smaller capitalisation securities listed on the Australian sharemarket and are comfortable with considerable fluctuations in returns.</li> </ul>	<ul style="list-style-type: none"> <li>• you want reasonable capital growth and steady income over time through exposure to a core Australian Equities portfolio.</li> </ul>
Eight years	Four to five years
100% Australian shares	0–10% Cash 90–100% Australian shares
High, 6 years or greater in 20	High, between 5 and 6 years in 20
2.25	2.05
Multiple managers appointed by Navigator Australia Limited	Investors Mutual Limited

# Investment option profiles

	<b>Access Perpetual Industrial</b>	<b>Access Antares High Growth Shares</b>
<b>Investment objective</b>	Aims to provide long-term capital growth and regular income through investment in quality Australian industrial shares.	To outperform the benchmark S&P/ASX 200 Accumulation Index by 5% pa (gross of fees) over a rolling five year period by investing in a diversified portfolio of Australian shares.
<b>About the investment option</b>	<p>Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality investments are carefully selected on the basis of four key criteria:</p> <ul style="list-style-type: none"> <li>• Conservative debt levels</li> <li>• Sound management</li> <li>• Quality business, and</li> <li>• Recurring earning.</li> </ul> <p>Derivatives may be used in managing the Fund.</p>	<p>The Fund invests in a diversified portfolio of Australian shares. The Fund uses a range of investment techniques such as short selling, enhanced long positions and active trading aimed at enhancing returns.</p> <p>The Fund can hold short positions in up to 25% of the value of the Fund's net assets. The Fund can use the proceeds from short selling to make additional investments in other shares up to 25% of the value of the Fund's net assets, giving the Fund a gross market exposure up to a maximum of 150% and net exposure of between 90-100%.</p>
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to invest in a portfolio of Australian industrial shares.</li> </ul>	<ul style="list-style-type: none"> <li>• you want higher risk investment strategies for long-term growth in order to increase returns and capital growth.</li> </ul>
<b>Minimum suggested time to invest</b>	Five years	Five years
<b>Target asset allocation</b>	0–10% Cash 90–100% Australian industries shares	0–10% Cash 0–25% Australian shares (Short) 90–125% Australian shares (Long)
<b>Estimated number of negative annual returns</b>	High, between 5 and 6 years in 20	High, between 5 and 6 years in 20
<b>Management costs (% pa)</b>	2.05	2.25
<b>Fund Manager</b>	Perpetual	Antares

<b>Access Schroder Australian Equity Fund</b>	<b>Access International Shares Index</b>
<p>To outperform the S&amp;P/ASX 200 Accumulation Index after fees over the medium to long-term by investing in a broad range of companies from Australia and New Zealand.</p>	<p>To closely track the MSCI World (ex Australia) Index with the aim of generating returns (before tax and fees and assuming income reinvested) comparable to the world sharemarkets as measured by that benchmark (unhedged).</p>
<p>The Fund invests in a broad range of companies from Australia and New Zealand. It invests predominantly in stocks characterised by strong returns on capital and a sustainable business franchise using a fundamental bottom-up, active management style.</p>	<p>Detailed risk analysis is used to design a portfolio of shares which provides the greatest likelihood of matching performance of the MSCI (ex Australia) Index. Foreign currency exposures are not hedged to the Australian dollar.</p>
<ul style="list-style-type: none"> <li>• you want growth, and</li> <li>• you also accept that the value of your investment can change.</li> </ul>	<ul style="list-style-type: none"> <li>• you want exposure to international shares, and</li> <li>• you're willing to accept negative returns from time to time for returns that can be expected to be higher than other asset classes over the longer term.</li> </ul>
<p>Three to five years</p>	<p>Seven years</p>
<p>100% Australian shares</p>	<p>0–5% Cash 95–100% International shares</p>
<p>High, between 5 and 6 years in 20</p>	<p>High, between 5 and 6 years in 20</p>
<p>2.15</p>	<p>1.75</p>
<p>Schroder Investment Management Australia Limited</p>	<p>Colonial First State</p>

# Investment option profiles

	<b>Access Pre Select International Equity</b>	<b>Access Aberdeen Actively Hedged International Equities Fund</b>
<b>Investment objective</b>	To provide medium to long-term capital growth by primarily investing in a well diversified portfolio of equities listed on stock exchanges around the world.	To provide investors with high capital growth over the medium to long-term by seeking exposure to companies listed on securities exchanges around the world.
<b>About the investment option</b>	Invests predominantly in companies listed (or expected to be listed) on share markets anywhere around the world, and is typically diversified across major listed industry groups. These investments are made through specialist managers. The likelihood of this portfolio incurring a negative return in any particular year is high. The portion of the currency exposure that is hedged to the Australian dollar may move within the range 0 to 100%.	The Fund invests primarily in a concentrated portfolio of around 40 to 60 listed international securities (other than those listed on the Australian Securities Exchange) with the potential for growth and increased earning potential. Currency hedging of the Fund's assets may vary between 0–50% hedged to the Australian dollar.
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want to invest in an actively managed international share portfolio that's diversified across investment managers, countries, industries and companies, and</li> <li>• you're comfortable with exposure to foreign currencies.</li> </ul>	<ul style="list-style-type: none"> <li>• you want to invest in a portfolio of international shares.</li> </ul>
<b>Minimum suggested time to invest</b>	Seven years	Five years
<b>Target asset allocation</b>	100% International shares	0–10% Cash 90–100% International shares
<b>Estimated number of negative annual returns</b>	High, between 5 and 6 years in 20	High, between 5 and 6 years in 20
<b>Management costs (% pa)</b>	2.15	2.20
<b>Fund Manager</b>	Multiple managers appointed by Navigator Australia Limited	Aberdeen Asset Management

<b>Access Global Equity – Value Fund (closed) (formerly Access AXA Global Equity – Value Fund)</b>	<b>Access Perpetual Wholesale International Share Fund</b>
<p>To provide long-term capital growth and outperform the Morgan Stanley Capital International World ex-Australia Index (net dividends reinvested in Australian dollar terms) after costs over rolling five-years.</p>	<p>Aims to provide long-term growth through investment in international shares.</p>
<p>The Fund invests in the Wholesale Global Equity – Value Fund. The Fund invests in companies that appear undervalued relative to long-term earnings potential. Companies will have a minimum market capitalisation at purchase of US\$750 million. Investments in foreign markets will be exposed to relevant foreign currencies. Currency management may be used to modify the foreign currency exposure. Cash may be held if appropriate investments aren't available.</p>	<p>The Fund primarily invests in publicly traded, or to be listed, global equity securities, including emerging markets. The focus is on investing in stocks of companies the investment manager believes are solid but temporarily out-of-favour and provide above-average total return potential. The country and sector allocations within the Fund are a result of the stock selection process.</p> <p>The currency exposure of the Fund is typically unhedged, although currency hedging may be used to protect investments at the discretion of the investment manager. Derivatives may be used in managing the Fund.</p>
<ul style="list-style-type: none"> <li>• you want long-term capital growth, and</li> <li>• you're prepared to accept a high level of volatility and risk as a trade-off for returns that might typically be expected to be above those returned by other asset classes over the longer term.</li> </ul>	<ul style="list-style-type: none"> <li>• you want a portfolio of international shares.</li> </ul>
<p>Five years</p>	<p>Five years</p>
<p>0–5% Cash 95–100% International shares</p>	<p>0–10% Cash 90–100% International shares</p>
<p>High, between 5 and 6 years in 20</p>	<p>High, between 5 and 6 years in 20</p>
<p>2.20</p>	<p>2.30</p>
<p>AMP Capital</p>	<p>Wellington Management Company, LLP</p>

# Investment option profiles

	<b>Access Platinum International Fund</b>
<b>Investment objective</b>	To provide capital growth over the long-term through searching out undervalued listed (and unlisted) investments around the world.
<b>About the investment option</b>	<p>The Fund primarily invests in listed securities. The portfolio will ideally consist of 100 to 200 securities that Platinum believes to be undervalued by the market. Cash may be held when undervalued securities cannot be found. Platinum may short sell securities that it considers overvalued. The portfolio will typically have 50% or more net equity exposure. Derivatives may be used for risk management purposes and to take opportunities to increase returns.</p> <p>The underlying value of derivatives may not exceed 100% of the Net Asset Value (NAV) of the Fund. The underlying value of long stock positions and derivatives will not exceed 150% of the NAV of the Fund. Currency exposure is actively managed.</p>
<b>The investment option may be suited to you if ...</b>	<ul style="list-style-type: none"> <li>• you want long-term wealth creation potential of share investments</li> <li>• you want to achieve investment diversification by accessing international share market opportunities, and</li> <li>• you accept that returns over the shorter term may fluctuate and that returns may even be negative.</li> </ul>
<b>Minimum suggested time to invest</b>	Five years
<b>Target asset allocation</b>	0–100% Cash 0–100% Global shares
<b>Estimated number of negative annual returns</b>	High, between 5 and 6 years in 20
<b>Management costs (% pa)</b>	2.70
<b>Fund Manager</b>	Platinum

# Financial Reports

MLC Navigator Access Super and Pension Service is a sub-plan of the MLC Superannuation Fund. The following abridged fund accounts for the financial year ended 30 June 2013 are for the whole of the MLC Superannuation Fund. The assets of MLC Navigator Access Super and Pension make up approximately \$307 million of the MLC Superannuation Fund.

The financial statements refer to the Parent entity which is the MLC Superannuation Fund. The consolidated information includes the MLC Superannuation Fund and its subsidiaries—the MLC Pooled Superannuation Trust, the Cash Account Income Fund and the Separately Managed Account.

The full audited financial annual statements and auditor's report will be available on our website from December 2013.

You can also call us to receive a paper copy.

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

As at 30 June 2013

	Consolidated		Parent entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Assets</b>				
Cash and cash equivalents	436,976	457,678	-	-
<b>Receivables</b>				
Outstanding settlements	34,544	35,250	-	-
Investment revenue receivable	189,401	150,273	-	-
Receivable - MLC Pooled Superannuation Trust	-	-	6,735	3,832
Other receivables	140	1,079	-	115
<b>Investments</b>				
Professional Funds Account	1,267,683	1,289,410	-	-
Floating rate notes	61,493	88,322	-	-
Listed shares	2,238,694	1,576,561	-	-
Unlisted unit trusts	9,417,958	8,282,128	-	-
Term deposits	1,189,389	1,387,122	-	-
MLC Pooled Superannuation Trust	-	-	14,599,587	13,182,117
<b>Other</b>				
Income tax receivable	37,028	24,941	-	-
Deferred tax asset	73,165	115,500	-	-
<b>Total assets</b>	14,946,471	13,408,264	14,606,322	13,186,064
<b>Liabilities</b>				
Outstanding settlements	31,103	16,225	-	-
Fees payable to related parties	20,632	15,951	4,945	3,937
Distribution payable to external unitholders	1,362	1,453	-	-
Net asset value attributable to external unitholders	292,120	192,468	-	-
Other payables	1,667	50	1,790	10
<b>Total liabilities (excluding net assets available to pay benefits)</b>	346,884	226,147	6,735	3,947
<b>Net assets available to pay benefits</b>	14,599,587	13,182,117	14,599,587	13,182,117
<i>Represented by:</i>				
<b>Total liability for accrued benefits</b>	14,599,587	13,182,117	14,599,587	13,182,117

# MLC Superannuation Fund Abridged Financial Information – Operating Statement

For the year ended 30 June 2013

	Consolidated		Parent entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Investment income</b>				
Rebates	5,055	6,197	-	-
Dividends	97,464	67,274	-	-
Interest	43,857	63,034	-	-
Distributions	507,642	421,506	-	-
Changes in net market values	1,415,294	(453,835)	1,899,097	13,058
<b>Net investment revenue</b>	2,069,312	104,176	1,899,097	13,058
<b>Contributions revenue</b>				
Employer contributions	183,619	253,365	183,619	253,365
Members' contributions	483,054	492,016	483,054	492,016
Transfers from other funds	1,112,149	5,448,676	1,112,149	5,448,676
Insurance proceeds	6,101	5,188	6,101	5,188
Other	802	553	802	553
<b>Total contributions revenue</b>	1,785,725	6,199,798	1,785,725	6,199,798
<b>Total revenue</b>	3,855,037	6,303,974	3,684,822	6,212,856
<b>Expenses</b>				
Management fees	137,713	134,028	-	-
Other fees	107,618	86,167	106,807	85,555
Increase in amounts due to external unitholders	26,014	2,138	-	-
<b>Total expenses</b>	271,345	222,333	106,807	85,555
<b>Benefits accrued as a result of operations before income tax</b>	3,583,692	6,081,641	3,578,015	6,127,301
<b>Income tax (expense)/benefit attributed to benefits accrued as a result of operations</b>	(5,677)	45,660	-	-
<b>Benefits accrued as a result of operations</b>	3,578,015	6,127,301	3,578,015	6,127,301

# MLC Superannuation Fund Abridged Financial Information – Cash Flow Statement

For the year ended 30 June 2013

	Consolidated		Parent entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>				
Employer contributions received	183,619	253,365	183,619	253,365
Members' contributions received	483,054	492,016	483,054	492,016
Interest received	44,175	61,407	-	-
Distributions received	468,764	496,891	-	-
Dividends received	97,464	67,274	-	-
Rebates received	5,277	6,197	-	-
Transfers in received	1,027,448	1,021,351	1,027,448	1,021,351
Other income received	6,060	6,729	6,101	5,188
Management fees paid	(134,125)	(132,461)	-	-
Other fees paid	(103,933)	(85,788)	(103,113)	(85,176)
Redemptions paid	(1,698,513)	(1,566,408)	(1,698,513)	(1,566,408)
Pensions paid	(462,019)	(421,829)	(462,019)	(421,829)
Tax received/(paid) from/(to) the ATO	24,572	(32)	-	-
<b>Net cash flows (used in)/from operating activities</b>	(58,157)	198,712	(563,423)	(301,493)
<b>Cash flows from investing activities</b>				
Purchase of investments	(5,601,567)	(5,598,560)	(1,705,308)	(1,773,262)
Proceeds on sale of investments	5,665,036	5,534,746	2,268,731	2,074,755
Amounts paid to external unitholders	(26,014)	(2,138)	-	-
<b>Net cash flows from/(used in) investing activities</b>	37,455	(65,952)	563,423	301,493
<b>Net (decrease)/increase in cash and cash equivalents</b>	(20,702)	132,760	-	-
Cash and cash equivalents at beginning of the financial year	457,678	324,918	-	-
<b>Cash and cash equivalents at end of the financial year</b>	436,976	457,678	-	-

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## How to contact us

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