



Annual Report 2013

MLC Superannuation Fund

This report is for members in:
MLC Wrap Super and
MLC Navigator Retirement Plan



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Issued by: The Trustee,
NULIS Nominees (Australia) Limited
ABN 80 008 515 633 AFSL 236465

for MLC Superannuation Fund (the 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.

The Fund's Financial Reports are also provided.

This is the Annual Report for the MLC Superannuation Fund and is relevant to:

MLC Wrap Super and
MLC Navigator Retirement Plan.

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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 Fund.

Meet the Board

Nicole Smith (Chair)

BFA 1990, CA
GAICD

Michael Clancy

B Bus (Finance and Economics) 1992
CFA 1997

Michael Fitzsimons

Diploma of Financial Services
ANZIIF

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.

About your account value

How earnings are reflected in your account

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

Please refer to the relevant investment's disclosure document and the Australian Securities Exchange (ASX) (for listed securities) for details. Income received is usually net of fees and charges.

Income distributions will be allocated to your Cash Account after we receive them. All income distributions must be received as cash as we don't administer dividend and distribution reinvestment plans.

Interest earned on your Cash Account is paid after the end of each quarter.

How your account is valued

The value of your account is the sum of all the investments held in your account (including your Cash Account).

The value of your investments is based on:

- prices provided by the investment managers and the ASX
- the number of units or shares you hold, and
- any fixed interest investments you have.

Prices are generally provided daily, however there may be times when we don't receive updated prices. This may occur when shares are delisted or assets can't be valued. In these circumstances we may have to use different valuation methods.

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 \$2,000, 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**

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.

Some things you should know

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 the Fund, 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 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 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.

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**

How your money is invested

The investment objective of the Fund is to give you a wide choice of investment options from which you and your financial adviser can select investment strategies to suit your investment needs.

You can choose investments from:

- over 300 managed investments offered by a variety of investment managers
- over 500 ASX-listed investments
- a variety of term deposits, and
- a Separately Managed Account (SMA) providing access to a range of direct share portfolios.

If you haven't chosen a particular investment option, or your instructions aren't clear, your money will be retained in your Cash Account until we receive a clear instruction.

The full list of investment options is contained in the Investment Allocation Authority. For specific information on an investment option, please refer to the company information or the relevant disclosure document for that investment option. All these documents are available from your financial adviser or on our website.

Asset allocation

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

- NAB Professional Funds Account – 8.68%

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.

The Fund currently doesn'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 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.

Financial Report

MLC Navigator Retirement Plan and MLC Wrap Super are sub-plans 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 the sub-plans at 30 June 2013 are given below:

MLC Navigator Retirement Plan	7.1 billion
MLC Wrap Super	6.5 billion

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 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
Assets				
Cash and cash equivalents	436,976	457,678	-	-
Receivables				
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
Investments				
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
Other				
Income tax receivable	37,028	24,941	-	-
Deferred tax asset	73,165	115,500	-	-
Total assets	14,946,471	13,408,264	14,606,322	13,186,064
Liabilities				
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
Total liabilities (excluding net assets available to pay benefits)	346,884	226,147	6,735	3,947
Net assets available to pay benefits	14,599,587	13,182,117	14,599,587	13,182,117
<i>Represented by:</i>				
Total liability for accrued benefits	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
Investment income				
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
Net investment revenue	2,069,312	104,176	1,899,097	13,058
Contributions revenue				
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
Total contributions revenue	1,785,725	6,199,798	1,785,725	6,199,798
Total revenue	3,855,037	6,303,974	3,684,822	6,212,856
Expenses				
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	-	-
Total expenses	271,345	222,333	106,807	85,555
Benefits accrued as a result of operations before income tax	3,583,692	6,081,641	3,578,015	6,127,301
Income tax (expense)/benefit attributed to benefits accrued as a result of operations	(5,677)	45,660	-	-
Benefits accrued as a result of operations	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
Cash flows from operating activities				
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)	-	-
Net cash flows (used in)/from operating activities	(58,157)	198,712	(563,423)	(301,493)
Cash flows from investing activities				
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)	-	-
Net cash flows from/(used in) investing activities	37,455	(65,952)	563,423	301,493
Net (decrease)/increase in cash and cash equivalents	(20,702)	132,760	-	-
Cash and cash equivalents at beginning of the financial year	457,678	324,918	-	-
Cash and cash equivalents at end of the financial year	436,976	457,678	-	-

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How to contact us

For more information call us from anywhere in Australia on **1300 428 482** or contact your financial adviser.

Postal address:

GPO Box 2567
Melbourne VIC 3001

Registered office:

Ground Floor, MLC Building
105–153 Miller Street
North Sydney NSW 2060

mlc.com.au

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