



Annual Report 2014

MLC Superannuation Fund

This report is for members in:

MLC Wrap Super Series 2, MLC Wrap Super,

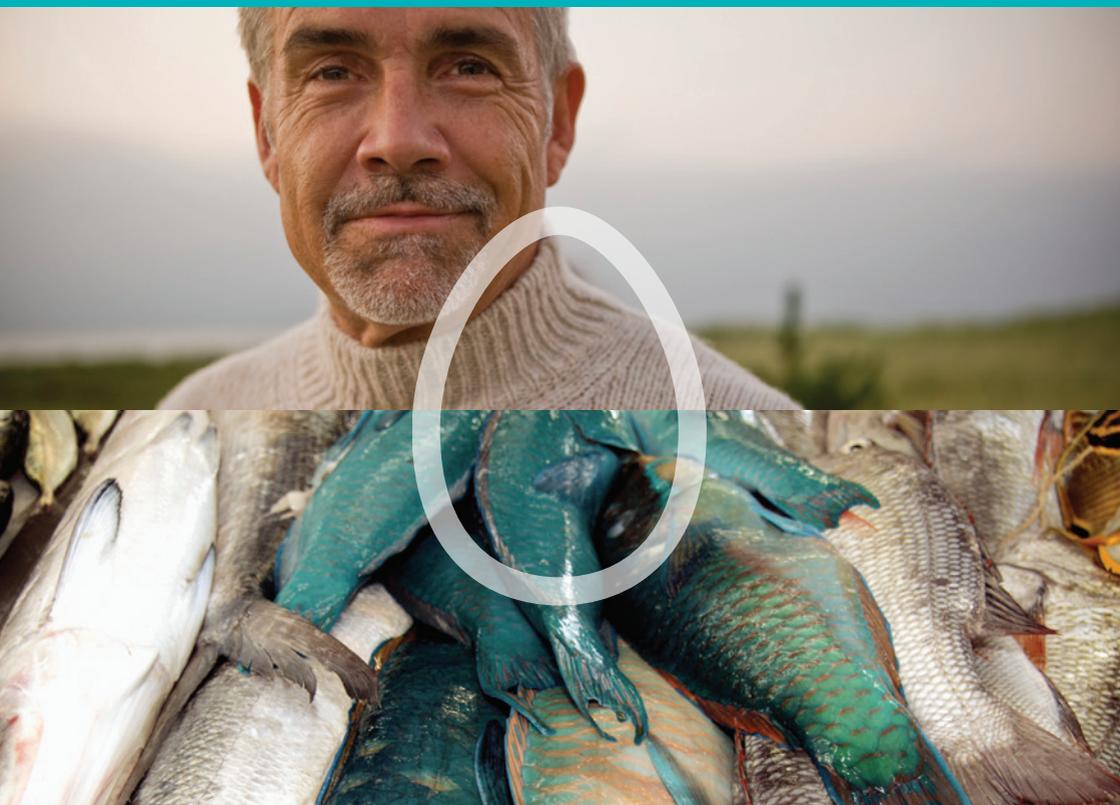
MLC Navigator Retirement Plan Series 2 and MLC Navigator Retirement Plan

Preparation date
1 November 2014

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 Series 2, MLC Wrap Super,
MLC Navigator Retirement Plan Series 2 and
MLC Navigator Retirement Plan.***

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A year in review

The 2014 financial year was another period of strong performance, particularly for share investors. Very low interest rates meant returns from cash and bonds weren't as strong, but still solid.

These robust returns were achieved despite economic challenges and global events that unsettled investment markets from time to time.

While the global economy generally improved, future developments in the global investment environment are uncertain.

We remain committed to giving you the choice and confidence to achieve your investment goals. We continue to refine our investment menu, offering a range of investment options including multi-asset portfolios and single asset class funds managed by a range of investment managers.

With ongoing Government superannuation reforms, market fluctuations, the rising cost of living and increased life expectancy, it's never been more important to regularly review your wealth strategy. This can help ensure you live comfortably now and into your retirement.

Remember, it's never too late to make your super work for you, regardless of your age or current super balance. We're here to help you grow your wealth and save for your retirement. For more information, go to saveretirement.com.au



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

The directors are:

Nicole Smith (Chair)

BFA 1990, CA
GAICD

Michael Clancy

B Bus (Finance and Economics) 1992
CFA 1997

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

Trevor Hunt

B Bus (Accounting and Economics) 1989

Evelyn Horton

Masters of Social Science (Economics) 1995
B Economics 1986 (ANU)
GAICD

Terry McCredden

B Comm (Hon) 1977 (University of Melbourne)

Trustee director movements

Michael Fitzsimons retired effective 30 August 2013.

Richard Rassi retired effective 30 May 2014.

Evelyn Horton was appointed non-executive director effective 28 May 2014.

Terry McCredden was appointed non-executive director effective 28 May 2014.

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 based on:

- prices provided by the investment managers multiplied by the number of units held
- prices provided by the Australian Securities Exchange multiplied by the number of shares held
- any term deposits, and
- your Cash Account.

Prices are generally provided daily, however there may be times when we don't receive updated prices. This might happen when shares are delisted or assets can't be valued.

In these circumstances we may have to use different valuation methods.

You should be aware that your account balance doesn't include the tax impact of any unrealised gains or losses that may arise if you request a full withdrawal.

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.

Some things you should know

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 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 generally required to respond to this within 3 business days, or if you made an investment choice after 1 July 2007, 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 timeframes, 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 for a fund is greater than the required timeframe, or
- a listed investment is under administration, suspended or delisted.

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

Suspended or terminated managed funds

Some investment managers suspend 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
- over 500 ASX listed investments, such as direct shares, and exchange traded funds
- 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 either the Investment Menu or 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.

Performance information

For actual performance of your account in the MLC Navigator Retirement Plan or MLC Wrap Super Plan (including Series 2) for the year ended 30 June 2014, please refer to your Annual Statement.

For more recent performance information, you may access this on the website or by calling us.

Asset allocation

The breakdown of assets held in the fund is determined at an individual member level. Further information about your actual asset allocation can be found in your Annual Statement.

The MLC Superannuation Fund as at 30 June 2014 had the following assets that had a value in excess of 5%:

- NAB Professional Funds Account – 7.37%

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, 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 of the underlying asset moves against them.

The Trustee currently permits derivatives to be used for the purposes of the provision of investment protection, hedging, efficient portfolio management, and investment return generation (where consistent with investment objectives).

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

The following abridged fund accounts for the financial year ended 30 June 2014 are for the whole of the MLC Superannuation Fund. The assets of the sub-plans at 30 June 2014 are given below:

MLC Navigator Retirement Plan (including Series 2)	7.1 billion
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MLC Wrap Super (including Series 2)	7.7 billion
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The full audited financial statements and auditor's report will be available on our website from December 2014.

You can also call us to receive a paper copy.

MLC Superannuation Fund Abridged Financial Information – Statement of Financial Position

As at 30 June 2014

	2014 \$'000	2013 \$'000
Receivables		
Receivable - MLC Pooled Superannuation Trust	14,539	6,735
Investments		
MLC Pooled Superannuation Trust	15,779,002	14,599,587
Total assets	15,793,541	14,606,322
Liabilities		
Payable – Navigator Australia Limited	3,588	1,466
Payable – MLC Limited	9,134	3,479
Other payables	1,817	1,790
Total liabilities (excluding net assets available to pay benefits)	14,539	6,735
Net assets available to pay benefits	15,779,002	14,599,587
<i>Represented by:</i>		
Total liability for accrued benefits	15,779,002	14,599,587

MLC Superannuation Fund Abridged Financial Information – Operating Statement

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Investment revenue		
Changes in net market values	1,661,593	1,899,097
Net investment revenue	1,661,593	1,899,097
Contributions revenue		
Employers' contributions	257,077	173,968
Members' contributions	458,604	457,665
Transfers from other funds	1,107,683	1,112,149
Insurance proceeds	9,745	6,101
Other contributions	21,959	35,842
Total contributions revenue	1,855,068	1,785,725
Total revenue	3,516,661	3,684,822
Expenses		
Insurance premiums	38,130	36,064
Administration fees and other expenses	82,075	70,743
Total expenses	120,205	106,807
Benefits accrued as a result of operations before income tax	3,396,456	3,578,015
Income tax (benefit)/expense attributed to benefits accrued as a result of operations	-	-
Benefits accrued as a result of operations	3,396,456	3,578,015

MLC Superannuation Fund Abridged Financial Information – Cash Flow Statement

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Cash flows from operating activities		
Employers' contributions received	257,077	173,968
Members' contributions received	458,604	457,665
Transfers in received	1,051,247	1,027,448
Other contributions and income received	31,139	41,141
Insurance premiums paid	(32,474)	(35,108)
Administration fees paid	(79,348)	(68,005)
Redemptions paid	(1,682,386)	(1,698,513)
Pensions paid	(534,670)	(462,019)
Net cash flows used in operating activities	(530,811)	(563,423)
Cash flows from investing activities		
Purchase of investments	(1,808,592)	(1,705,308)
Proceeds on sale of investments	2,339,403	2,268,731
Net cash flows from investing activities	530,811	563,423
Net (decrease)/increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the financial year	-	-
Cash and cash equivalents at end of the financial year	-	-



**For more information call us
from anywhere in Australia
on 132 652 or contact
your financial adviser.**

Postal address

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Melbourne VIC 3001

Registered office

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North Sydney NSW 2060

mlc.com.au

NULIS Nominees (Australia) Limited ABN 80 008 515 633 AFSL 236465.
Part of the National Australia Bank Group of Companies.

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