



With you

Annual Report 2011

MLC Superannuation Fund

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

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.

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
MLC Navigator Retirement Plan

A year in review

With the global events of the past year, you know how important it is for your money to be well-managed and working for you.

Recently, the Government announced reforms designed to make the super system stronger and more efficient, with the overall aim to maximise retirement income for Australians. These reforms are focused on creating better value, making it easier to consolidate super accounts and improving governance.

You can be assured that we place great emphasis on governance and that your interests are well-represented while these reforms are finalised by the Government.

Thank you for choosing us to help you achieve your retirement goals.

A handwritten signature in white ink that reads "Geoff Webb". The signature is written in a cursive, flowing style.

Geoff Webb
NULIS Nominees
(Australia) Limited

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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 members 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 is liable for its activities and has professional indemnity insurance.

The Trustee has appointed Navigator Australia Limited to carry out the day-to-day administration of the Fund.

Meet the Board

The directors are:

Geoff Webb – Chairman
B Ec (Hons) 1970,
AIA (UK),
AIAA (Australia),
FAICD, FAIM

Patrick Burroughs
BSSc (Hons) 1971,
FCA, FAICD

Michael Clancy
B Bus (Finance and Economics) 1992,
CFA 1997

Michael Fitzsimons
Diploma of Financial Services
ANZIF

Peggy Haines
BA (Virginia) 1973,
JD (Virginia) 1976,
Diploma of Superannuation Management
(Macquarie) 1994,
FAICD
Appointed 14 February 2011

Richard Morath
BA 1968,
FIA (UK and Australia), ASIA

John Reid
B Sc. Mathematical Physics 1971,
FIA (UK and Australia)

Nicole Smith
BFA 1990, CA
GAICD

About your account value

This section outlines how we calculate 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 and occurs at different times throughout the year.

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

Income distributions will be allocated to your cash holding 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 holding 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 holding).

The value of your investments is based on:

- prices provided by the investment managers and the Australian Securities Exchange
- 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 \$2000, or
- we lose contact with you and can't locate you, or
- you no longer have a financial adviser appointed in relation to your account.

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

We're required by law to transfer your account balance to the Australian Taxation Office if:

- we've lost contact with you and your account balance is less than \$200, or
- your account has been inactive for five years and your account balance is less than \$200, or

- your account has been inactive for five years and with the information reasonably available to us we're satisfied that it will never be possible to pay the account balance to you, or
- you were a temporary resident and have departed Australia and you haven't claimed your benefit within six months of becoming eligible.

You will then need to contact the Australian Taxation Office 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 Australian Taxation Office.

If you've withdrawn your account balance (in whole or part) or commenced a pension, the Australian Taxation Office 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 Australian Taxation Office. 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 Australian Taxation Office website at ato.gov.au or call **131 020**.

Some things you should know

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 mlc.com.au

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

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

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 holding 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 from **mlc.com.au**

Asset allocation

This section details the assets that have a value in excess of 5% of the total assets of the Fund as at 30 June 2011.

- NAB Cash Manager – 5.28%

Derivatives

Derivatives are a common tool used to enhance returns or manage risk.

They are contracts that have a value derived from an external reference (eg the level of a share price index).

There are many types of derivatives and they can be an invaluable tool for an investment manager.

However, they can also incur significant losses.

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 **mlc.com.au**

MLC Superannuation Fund Financial Report

This section shows the financial position of the MLC Superannuation Fund as at 30 June 2011.

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 2011 are for the whole of the MLC Superannuation Fund. The assets of the sub-plans are given below:

MLC Navigator Retirement Plan	\$7.5 billion
MLC Wrap Super	\$246 million

The fund accounts 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 mlc.com.au from December 2011.

You can also call Client Services on **1300 428 482** to receive a paper copy.

Abridged Financial Information – Statement of Financial Position

As at 30 June 2011

	Consolidated		Parent entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assets				
Cash and cash equivalents	324,918	240,740	-	-
Receivables				
Outstanding settlements	60,290	-	-	-
Investment revenue receivable	224,031	-	-	-
Receivable – MLC Pooled Superannuation Trust	-	-	4,006	3,577
Other receivables	1,424	26	-	20
GST receivable	1,802	1,923	229	205
Investments				
Investment in the Cash Management Account	477,733	-	-	-
Australian Bank Bills	-	13,930	-	-
Semi-Government securities	-	45,420	-	-
Corporate Bonds	-	29,950	-	-
Discount securities	196,303	536,192	-	-
Floating rate notes	-	314,577	-	-
Listed shares	502,973	353,767	-	-
Unlisted unit trusts	6,843,207	6,952,111	-	-
Term deposits	530,543	299,444	-	-
Investment held in the MLC PST	-	-	9,043,052	8,579,732
Other				
Income tax receivable	-	3,302	-	-
Deferred tax asset	84,235	99,299	-	-
Total assets	9,247,459	9,025,943	9,047,287	8,583,534
Liabilities				
Outstanding settlements	15,614	4,082	-	-
Fees payable to related parties	14,415	16,487	4,225	3,784
Distribution payable to external unitholders	2,661	5,301	-	-
Net asset value attributable to external unitholders	165,676	420,320	-	-
Other payables	800	21	10	18
Income tax payable	5,241	-	-	-
Total liabilities				
(excluding net assets available to pay benefits)	204,407	446,211	4,235	3,802
Net assets available to pay benefits	9,043,052	8,579,732	9,043,052	8,579,732
Represented by:				
Liability for accrued benefits	9,043,052	8,579,732	9,043,052	8,579,732

Abridged Financial Information – Operating Statement

For the year ended 30 June 2011

	Consolidated		Parent entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Investment income				
Rebates	4,203	6,501	-	-
Dividends	19,168	9,799	-	-
Interest	44,332	31,775	-	-
Distributions	421,977	297,204	-	-
Changes in net market values	170,390	487,331	497,363	716,690
Net investment revenue	660,070	832,610	497,363	716,690
Contributions revenue				
Employer contributions	182,877	175,608	182,877	175,608
Member contributions	317,889	285,632	317,889	285,632
Transfers from other funds	720,227	645,391	720,227	645,391
Compensation to members	484	464	484	464
Insurance proceeds	2,927	1,102	2,927	1,102
Total contribution revenue	1,224,404	1,108,197	1,224,404	1,108,197
Total revenue	1,884,474	1,940,807	1,721,767	1,824,887
Expenses				
Adviser review fees	12,742	8,086	12,742	8,086
Deferred entry fees	6,462	7,479	6,462	7,479
Entry fees	6,555	7,083	6,555	7,083
Insurance premiums	23,129	16,883	23,129	16,883
Management fees	126,304	133,955	-	-
Other fees	1,862	1,415	1,600	1,137
Superannuation contributions surcharge	73	86	73	86
Increase in amounts due to external unitholders	14,643	17,209	-	-
Total expenses	191,770	192,196	50,561	40,754
Benefits accrued as a result of operations before income tax	1,692,704	1,748,611	1,671,206	1,784,133
Income tax expense attributed to benefits accrued as a result of operations	(21,498)	35,522	-	-
Benefits accrued as a result of operations	1,671,206	1,784,133	1,671,206	1,784,133

Liability for accrued benefits

The liability for accrued benefits is the Parent's present obligation to pay benefits to members and beneficiaries arising from their investing in the Parent up to reporting date. It is measured as the difference between the carrying amounts of total assets and liabilities as at reporting date. Benefits in respect of members who ceased with the Parent prior to reporting date and whose benefits were unpaid as at 30 June 2011 are included in the liability for accrued benefits amount.

	Consolidated		Parent entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Liability for accrued benefits at beginning of the year	8,579,732	7,757,171	8,579,732	7,757,171
Add: Benefits accrued as a result of operations	1,671,206	1,784,133	1,671,206	1,784,133
Less: Members' redemptions	(932,460)	(697,838)	(932,460)	(697,838)
Less: Pension payments	(275,426)	(263,734)	(275,426)	(263,734)
Liability for accrued benefits at the end of the financial year	9,043,052	8,579,732	9,043,052	8,579,732

Abridged Financial Information – Cash Flow Statement

For the year ended 30 June 2011

	Consolidated		Parent entity	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash Flows provided by operating activities				
Employer contributions received	182,897	175,608	182,897	175,608
Member contributions received	338,294	285,612	338,294	285,612
Interest received	49,630	28,430	-	-
Distributions received	310,613	338,593	-	-
Dividends received	19,168	9,799	-	-
Rebates received	4,203	6,500	-	-
Transfers in received	679,417	612,660	679,417	612,660
Compensation received	484	465	484	465
Other Income received	2,292	994	2,927	994
Management fees paid	(128,666)	(134,259)	-	-
Entry fees paid	(6,878)	(7,332)	(6,608)	(7,048)
Deferred entry fees paid	(6,762)	(7,719)	(6,762)	(7,719)
Insurance premiums paid	(22,380)	(16,181)	(22,380)	(16,181)
Adviser review fees paid	(12,736)	(8,088)	(12,736)	(8,088)
Other	(1,584)	(1,168)	(1,584)	(1,168)
Redemptions paid	(932,460)	(697,727)	(932,460)	(697,727)
Pensions paid	(275,433)	(263,726)	(275,433)	(263,726)
Tax received from the ATO	2,109	11,345	-	-
Superannuation contributions surcharge paid	(73)	(86)	(73)	(86)
Net cash flows used in operating activities	202,135	333,720	(54,017)	73,596
Cash flows from investing activities				
Purchase of investments	(3,775,789)	(5,129,726)	(1,204,686)	(1,076,030)
Proceeds on sale of investments	3,672,476	4,812,726	1,258,703	1,002,434
Amounts paid to external unitholders	(14,643)	(17,209)	-	-
Net cash flows from investing activities	(117,956)	(334,209)	54,017	(73,596)
Net increase/(decrease) in cash and cash equivalents	84,179	(489)	-	-
Cash and cash equivalents at beginning of the financial year	240,740	241,229	-	-
Cash and cash equivalents at end of financial year	324,919	240,740	-	-



With you

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

Postal address:

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Melbourne VIC 3001

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North Sydney NSW 2060

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