



Things you should know

MLC MasterKey Business Super
MLC MasterKey Personal Super

As at 30 June 2020

It's comforting when you know how something works. It gives you confidence and a sense of control. We want you to feel the same way about your super—so that's why we've included this brochure with your annual statement. It's about the things you should know from the past year to give you that same feeling of security, comfort, and understanding of how your super works for you.

The Coronavirus pandemic

It would be remiss of us not to mention the Coronavirus pandemic in this brochure. It has changed, for each of us, our way of working, social interaction and how we go about our day to day—whether shopping or holidaying or even a walk in the park. We hope that you and your family have stayed well.

There has also been an enormous impact on financial markets worldwide as they reacted sharply to the uncertainty created by COVID-19. In response, the Australian Government implemented a package of temporary changes to the treatment of superannuation, for those facing financial hardship because of the pandemic. These included reduced minimum drawdown rates for account based pensions to help mitigate investment loss, and temporary changes for the early release of super.

Application for early release of up to \$10,000 from super accounts

From 20 April 2020, eligible individuals could withdraw up to \$10,000 from their super both before 1 July 2020 and again in the period between 1 July 2020 and 24 September 2020.

Reduced minimum drawdown rates for retirees

A temporary 50% reduction in the minimum drawdown requirements for account based pensions was implemented for both the 2019/20 and 2020/21 financial years. This measure has been designed to assist retirees by reducing their need to sell investments to meet minimum drawdown requirements when market prices may be under pressure.

If you had previously elected the minimum drawdown rate, we automatically applied the reduced minimum to your account from 1 July 2020. This meant that from 1 July 2020, you've been receiving a lower pension payment.

To make a change to your pension payment, contact your adviser or call us.

To keep all members informed and help navigate this difficult period, we've kept our website updated with the latest information and Q&As regarding the Government's temporary superannuation changes. Go to mlc.com.au/coronavirus

You can also find more information, including details of the eligibility criteria for the early release of super and the reduced pension minimums, at ato.gov.au/coronavirus

Legislation changes

Putting members' interests first

Employers will often set up a super plan where insurance cover is provided automatically for all their employees who become members of the plan. While this can be a great benefit for many members, the deduction of insurance premiums can erode super savings on low balance super accounts. For this reason, legislation known as *Putting Members' Interests First* (PMIF) took effect on **1 April 2020**.

The PMIF legislation will impact you **if you're under age 25 or have less than \$6,000 in any single super account**. If that's you, you'll most likely have to choose if you want insurance as part of your super.

We wrote to members who were impacted by the PMIF legislation with details of the changes earlier this year.

To find out more about PMIF, go to mlc.com.au/superinsurance

Insights into investment

Cash rates have been at historically low levels with the Reserve Bank of Australia (RBA) making successive cuts in the official cash rate over the past year. When official interest rates go down, interest payable on term deposits, savings accounts, cash funds, or the cash portion of other managed investments also go down.

In such a low interest rate environment, you won't necessarily receive the kind of return you may have expected on your investment in cash options within your super—whether in cash funds, or the cash portion of any managed funds you have.

Cash is a defensive asset class that may offer a modest return and some protection against volatile investment movements in shares and other growth assets, and you should consider the upside and downside of investing in cash during this low rate environment.

For more information on cash and market performance, you can stay up-to-date by regularly checking our Insights page at mlc.com.au/insights and mlc.com.au/pricesandperformance

Change to the Standard Risk Measure for MLC investment options

A Standard Risk Measure (SRM) describes the estimated risk of receiving a negative annual return on any of your investment options, over any 20-year period. It's not a complete guide, but it can help you compare the relative risk of different investment options before you buy, sell or switch funds.

The SRM for various MLC investment options has changed, which we've tabled on the right. And, to help you better understand the meaning behind the changes, we've also tabled the definition of each SRM.

These changes were effective **1 October 2019**.

Investment menu Effective 1 October 2019	Previous SRM	Updated SRM
MySuper Cash Plus Portfolio	Low	Very low
MySuper Lifecycle - 59	High	Medium to high
MLC Inflation Plus - Moderate Portfolio	Medium to high	High
MLC Horizon 3 Conservative Growth Portfolio	Medium	Medium to high
MLC Horizon 4 Balanced Portfolio	Medium to high	High
MLC Horizon 1 Bond	Very low	Low
MLC Diversified Debt Fund	Low to medium	Medium
MLC Property Securities Fund	High	Very high
MLC Global Property Fund	High	Very high
MLC Australian Share Fund	High	Very high
MLC Hedged Global Share Fund	High	Very high
MLC Cash Fund	Low	Very low
Vanguard Australian Fixed Interest Index Fund	Medium to high	Medium
Vanguard Australian Property Securities Index Fund	High	Very high
Antares Elite Opportunities Fund	High	Very high
Antares High Growth Shares Fund	High	Very high
Investors Mutual Australian Share Fund	High	Very high
Perpetual Wholesale Australian Share Fund	High	Very high
Perpetual Wholesale Ethical SRI Fund	High	Very high
Schroder Wholesale Australian Equity Fund	High	Very high
Vanguard International Shares Index Fund (Hedged)	High	Very high
Effective 1 April 2020		
Macquarie Income Opportunities Fund	Medium	Low to medium

SRM risk label	Estimated number of negative annual returns in any 20-year period
Very low	Less than 0.5
Low	0.5 to less than 1
Low to medium	1 to less than 2
Medium	2 to less than 3
Medium to high	3 to less than 4
High	4 to less than 6
Very high	6 or greater

Correction to MySuper defensive asset allocation ranges

The total defensive asset allocation ranges disclosed in the February 2019 Product Disclosure Statement, for members aged 65 and over invested in MySuper, were incorrect. They were also incorrect in the corresponding investment menu for these members, as well as those members aged 63 and 64.

We amended the ranges in the 2 March 2020 versions of these documents.

The actual ranges operating within the investments were correct at all times—**only the published ranges were incorrect.**

Product Disclosure Statement	
Total defensive assets, age 65 or over, Published February 2019 (incorrect)	Total defensive assets, age 65 or over, Published February 2020 (correct)
30% (12%–39%)	30% (20%–47%)

Investment menu			
Description	Age 63	Age 64	Age 65 and over
Total defensive assets published February 2019 (incorrect)	25% (12%–41%)	28% (12%–40%)	30% (12%–39%)
Total defensive assets published February 2020 (correct)	25% (14%–43%)	28% (17%–45%)	30% (20%–47%)

Correction to Standard Risk Measure (SRM) definition for some MLC investment options

Prior to 1 October 2019, the definition of a high SRM for some MLC investment options was incorrectly disclosed in the MLC MasterKey Business Super PDS.

A high SRM is defined as having four to less than six estimated number of negative annual returns in any 20-year period (refer to the table on page 2). For the following investment options, this definition was incorrectly stated as four to less than five estimated negative annual returns in any 20-year period. A correction was made to the definition in the MasterKey Business Super PDS effective **1 October 2019**.

Investment Option	Previous estimated number of negative annual returns in any 20-year period	Corrected estimated number of negative annual returns in any 20-year period
MLC Inflation Plus - Assertive Portfolio	4 to less than 5	4 to less than 6
MLC Horizon 5 Growth Portfolio	4 to less than 5	4 to less than 6
MLC Horizon 6 Share Portfolio	4 to less than 5	4 to less than 6
MLC Horizon 7 Accelerated Growth Portfolio	4 to less than 5	4 to less than 6
MLC Index Plus Balanced Portfolio	4 to less than 5	4 to less than 6
MLC Index Plus Growth Portfolio	4 to less than 5	4 to less than 6
MLC Global Share Fund	4 to less than 5	4 to less than 6

Investment Changes

How your money is invested is key to the results you get. Investment strategies are generally for the long-term and that's why we regularly review the investment options we offer, to make sure they're performing as expected and are cost effective. Each individual fund manager also reviews their fund's performance and makes appropriate changes from time to time.

Greater volatility in investment markets is also causing an increase in costs associated with buying and selling the underlying assets of an investment option, known as the buy-sell spread. This will increase the cost associated with buying, selling, or switching an investment and will also be reflected in a lower valuation of your investment.

This means the buy-sell spread on any investment options may fluctuate daily. We recommend you contact your financial adviser if you're contemplating selling or switching. If you don't have an adviser, you can call us.

You will need to keep up to date with current buy-sell spreads at mlc.com.au/buysellspreads

Some of the other changes made over the last 12 months are set out below (but may not be applicable to all members). For more information on these changes, and to review the other changes to your investments you can refer to the PDS at mlc.com.au/pds/mkbs or go to mlc.com.au/personal/important-updates

Reduced investment fees for the following investment options:

Investment Option		
	Before 1 October 2019 Investment fee (pa)	Current Investment fee (pa)
Altrinsic Global Equities Trust	1.25%	0.99%
MLC Inflation Plus Conservative	0.75%	0.65%
MLC Inflation Plus Moderate	0.90%	0.85%
MLC Inflation Plus Assertive	1.20%	0.95% ¹
Investment Option		
	Before 1 April 2020 Investment fee (pa)	Current Investment fee (pa)
MLC Index Plus Conservative Growth	0.36%	0.29%
MLC Index Plus Balanced	0.38%	0.29%
MLC Index Plus Growth	0.39%	0.29%
Investment Option		
	Before 2 March 2020 Investment fee (pa)	Current Investment fee (pa)
MLC Cash Fund	0.25%	0.24%

¹From **7 May 2020** the investment fee has been further reduced to 0.93% pa

Increased investment fees for the following investment options:

Investment Option		
	Before 1 October 2019 Investment fee (pa)	Current Investment fee (pa)
MLC Global Share Fund	0.85%	0.88%
MLC Hedged Global Share Fund	0.90%	0.96%

Changes to the investment objectives of the following investment options to better reflect how they're managed:

Investment Option			
	Before 1 October 2019 return objective (before fees and tax ie gross)	Current return objective – super and pre-retirement (net of investment fee and tax)	Current return objective – retirement pension (net of investment fee)
MLC Inflation Plus Conservative	3.5%	1.7%	2.0%
MLC Inflation Plus Moderate	5.0%	3.0%	3.5%
MLC Inflation Plus Assertive	6.0%	4.0%	4.5%

Reduced administration fee for the following investment option:

MLC Cash Fund^{2,3}

Changes to the fee type for MLC investment options

Effective **7 May 2020**, the last remaining MLC investment options with a variable investment fee were changed to a fixed investment fee. For more detail go to mlc.com.au/personal/important-updates.

A change to the description of the Macquarie Income Opportunities Fund

This change was effective **1 October 2019**. For full details please refer to the latest *Product Disclosure Statement* (PDS).

²this change was effective 2 March 2020

³not applicable to MasterKey Business Super

Other changes, reminders and updates

Explaining employer reimbursements

Employer reimbursements occur when your employer has agreed to pay, either in part or in full, the fees and/or insurance premiums on your super account.

When you have this agreement in place with your employer, your fees and insurance premiums are still deducted in full at the end of month from your account. We'll credit your account with your employer's reimbursement once they've made their payment to us. Your employer's payment and credit to your account may not occur exactly on the same day as we deduct your fees and insurance premiums.

Your employer's payment is treated as a concessional contribution and counts toward your concessional contributions cap. Concessional contributions are before-tax contributions to super and there's a current limit (or cap) of \$25,000 on this type of contribution being made each financial year before you may have to pay more tax. There's more about contribution caps at ato.gov.au

We've updated the Product Disclosure Statement (PDS) to better explain the employer reimbursement process. The PDS was updated effective **1 October 2019** and is available online at mlc.com.au

Keeping up with communications

We want to take away the complexity and make it as simple as possible for you to get active with your super. Whether it's communicating better by email, personal opportunities to hear about your fund or further improving our online support, we're committed to making it easy for you to get involved.

Read about some of the ways you can stay up-to-date with your super here.



Got the MLC app yet?

We're always looking for ways to give you more information at your fingertips.

The MLC app gives you just that, keeping you up to date with your MasterKey accounts whenever you want. If you've already registered for MLC online, you can log in using your username and password. Not registered? Simply go to mlc.com.au or call us.



Financial wellness seminars

Take a night off to invest in yourself! Our Financial Wellness webinars are available on demand, giving you access to industry experts and thought leaders as they discuss a great range of topics—from wellbeing and resilience at work, to working toward a happy and secure retirement.

To learn more go to mlc.com.au/financial-wellness-series



The value of Financial advice

Nothing beats specialist financial advice to make sure all aspects of your personal financial situation are considered before making decisions about super and investments. Your financial adviser can review your investment strategy to make sure it still suits your investment objectives as well as help you understand any tax or other implications in your decision. After all, nobody wants to deal with an unexpected financial problem as a result of being uninformed.

We also recommend you obtain and consider the relevant *Product Disclosure Statement* before making any change to your account.



Your personal super calculator

Wondering what your super balance could look like when you retire? The **Personal Super Calculator*** can give you a projection of your super balance — see how changes today may affect your income in retirement. You can also get advice on regular contributions and investment options with your MLC MasterKey Super account. Find out more at mlc.com.au/personal-super-calculator

*available to eligible members only.

Important information

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