



Annual Report for the period starting 1 July 2017 and ending 30 June 2018

MLC Super Fund

Preparation date
15 December 2018

Issued by the Trustee
NULIS Nominees (Australia)
Limited

ABN 80 008 515 633
AFSL 236465

For MLC Super Fund
(The Fund)
ABN 70 732 426 024



This Annual Report is relevant to:

- MLC MasterKey Super & Pension Fundamentals*
- MLC MasterKey Super & Pension*
- MLC MasterKey Business Super*
- MLC MasterKey Personal Super*
- MLC MasterKey Superannuation Gold Star Series 1-10*
- MLC MasterKey Superannuation Five Star Series 1-4*
- MLC MasterKey Allocated Pension Gold Star*
- MLC MasterKey Allocated Pension Five Star*
- MLC MasterKey Term Allocated Pension*
- MLC Personal Superannuation Savings Plan*
- MLC Capital Guaranteed Personal Super Savings Plan Series 1-2*
- MLC Super Pension Plan*
- MLC Maturity Growth Superannuation Plan*
- MLC Whole of Life Superannuation*
- MLC Endowment Superannuation*
- Whole of Life*
- Endowment*
- MLC Pure Endowment Superannuation*
- MLC Life Cover Super*
- MLC Insurance (Super)*
- MLC Protection - Life*
- MLC Protection - Executive Life*
- Solitaire*

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The Trustee is part of the National Australia Bank Group of Companies. An investment with the Trustee is not a deposit with or liability of, and is not guaranteed by, National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (NAB). References within the Annual Report to 'we', 'us' or 'our' are references to the Trustee, unless otherwise stated.

A year in review

Our reflections and commitment to you

The past year has been confronting and challenging for the financial services industry, our people and members. However, it's also given us the opportunity to further reflect on what we do, how we do it and what is truly important to our members to ensure we continue to operate in their best interests.

We're committed to improving our practices, products and services to continue to add value to our members – including correcting past mistakes and earning the trust and confidence of our members and the community.

Investment performance

The shares component of members' portfolios will have experienced another strong financial year. Global and Australian share markets delivered double-digit returns for a second consecutive year. After this period of substantial growth, it wasn't surprising to see market volatility rise in the second half of the financial year and towards the end of 2018. If possible, during periods of market volatility, you should continue to focus on how you're progressing towards your longer-term goals. To view the latest returns on your super account, log in online at mlc.com.au

Helping you reach your retirement goals

We made some exciting changes by launching **MLC Retirement** on 27 September 2018. It's a place where you can go to learn more about your super, and plan for the lifestyle you want when you retire. You'll have access to a range of educational articles and case studies, and tips to increase your super savings. We've also made it easy to stay up to date on legislative changes to super, and how they may work best for you.

MLC Retirement has a range of tools to help you achieve the lifestyle you want. Find out how much you'll need for your retirement lifestyle with our budget calculator. See if you're on track to reach your retirement goals with our retirement forecaster. That's not all - we understand life gets busy, so with our small change big savings calculator learn about some easy ways you can boost your super savings.

The year ahead

We'll continue to see changes to super in the year ahead. There will be legislative and regulatory changes, including some changes which may arise from the Financial Services Royal Commission report in February 2019.

Changes to technology will also impact the super environment, with increased focus on digital transformation to improve the way we deliver our products and services to you.

We're well positioned to adapt to the changing needs of our members. Whether you're at the start of your career or looking forward to life after work, we'll be there to give you the right help, guidance, and advice to reach your financial goals. If you'd like to know more, visit mlc.com.au

We'd like to thank you for choosing us to look after your super and retirement needs.



Peter Promnitz

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 and look out for your interests.

Made up of non-executive directors, the Trustee Board is responsible for the management and performance of the Fund.

The Trustee Board has professional indemnity insurance. And the Trustee has appointed its related company, National Wealth Management Services Limited ABN 97 071 514 264, to carry out the day-to-day functions of the Fund.

Meet the Board

The directors are:

Peter Promnitz (Chair)

BSc (Mathematics and Statistics)
(University of Adelaide) FAICD, FIAA

Alan Schoenheimer

MBA, B Eng (Chemical) (First Class Hons)

Andrew Gale

MBA, B Arts (Actuarial), FAICD, FIAA

Peeyush Gupta

BA (Computing Studies) (ANU)
MBA, (AGSM), FAICD

Peggy O'Neal

BA (Virginia), JD (Virginia)
Diploma of Superannuation Management
(Macquarie), FAICD

Terry McCredden

B Comm (Hon) (University of Melbourne)

Trustee director movements

Peter Promnitz was appointed chair effective 1 July 2018.

Nicole Smith retired effective 30 June 2018.

Evelyn Horton retired effective 30 June 2018.

Operational Risk Financial Requirement (Reserve)

The Government requires superannuation fund trustees to hold adequate financial resources (Reserve) to cover any losses that members incur due to operational errors. The Reserve has been established in full by the Trustee's capital (via equity contributed from its ultimate shareholder, NAB). If the Reserve falls below the Trustee's targets, the Trustee proposes to fund the shortfall through its own capital, rather than seeking contributions from members. This means that the Trustee doesn't currently require members to contribute to the Reserve, but members will be notified if this changes in the future. As the Reserve is held by the Trustee, it isn't reported in the financial statements of the Fund.

The Reserve was established in the 2016 financial year. The balance of the Reserve at the end of the last 3 financial years is summarised below:

- 30 June 2018: \$269M
- 30 June 2017: \$253M
- 30 June 2016: \$240M

General reserves

The Trustee has established general reserves to provide liquidity to assist in the management of the Fund for the benefit of members. The Trustee manages and replenishes these reserves in accordance with its applicable policy, with the guiding principle that the general reserves should be replenished from sources that are not easily allocated back to members, unless members have been explicitly advised.

For details of the balances and movement of the General reserve and other reserves, refer to the Abridged financial information - Statement of changes in reserves on page 18. As the Fund was established on 9 May 2016 and the reserves were transferred to the Fund on 1 July 2016, only two years of movements have been disclosed.

Some things you should know

Policy Committees (MLC MasterKey Business Super members only)

If your employer plan had a policy committee during the financial year, you can find details about your plan's policy committee and members in your Annual Statement.

We have a set of rules for the appointment and removal of employer and member representatives of the Policy Committee. These rules provide for equal representation of member and employer representatives. Member representatives are generally elected by members and are typically appointed for a period of three years. Employer representatives are appointed by your employer for a period determined by your employer.

Transfers to an Eligible Rollover Fund

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

- your investment switching activity is deemed to be contrary to the interests of other members
- your accounts have been closed and you're eligible for a payment and we've not received any instructions from you, or
- other situations permitted under the law.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and they can be contacted on **1800 677 424**. Alternatively, you can write to them at:

C/ - Jacques Martin Administration and Consulting Pty Ltd, Locked Bag 5429, Parramatta NSW 2124.

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 have a detrimental impact to your super benefit 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 at ato.gov.au

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

- your account balance is less than \$6,000 and either:
 - no contributions or rollovers have been made to your account for 12 months, you haven't otherwise contacted the Fund for 12 months and we have no way of contacting you, or
 - you've been a member of the Fund for more than 2 years, your account was set up through your employer, and there have been no contributions or rollovers made to your account for over 5 years,
- you're over 65, contributions haven't been made to your account for over 2 years, you haven't contacted us for at least 5 years, and we haven't been able to contact you,
- the ATO informs us that you were a former temporary resident and left the country over six months ago, or
- upon your death, where no contributions have been made for at least 2 years, and after a reasonable period of time, we've tried but haven't been able to identify or contact the beneficiary of your account.

There may be other circumstances in which we need to transfer your account to the ATO.

If your account is transferred to the ATO, you can contact the ATO on **13 10 20** to claim your benefit.

Some things you should know

Special rules for temporary residents

If you're a temporary resident and your visa has expired and you leave Australia permanently, you may be able to claim the super you hold with us as a Departing Australia Superannuation Payment. Withholding taxes may apply to the lump-sum payment. However, if you don't make a claim within six months of your visa expiring or your departure from Australia (whichever happens last), we may be required to transfer your super to the ATO as unclaimed super. If we transfer your super to the ATO, we won't notify you or give you an exit statement. You can then claim your super from the ATO directly. Visit ato.gov.au or call the ATO on **13 10 20**.

Illiquid investments and portability

When you ask us to roll over or transfer all or part of your account balance, we're generally required to process your request within 3 business 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 timeframe 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 you or your financial adviser of this and provide details of the illiquid investments.

Resolving complaints

We can usually resolve your complaint quickly over the phone on **132 652**.

Alternatively, you can email or write to us. You can escalate your complaint through our internal dispute resolution process in which we'll conduct a review and provide a final written outcome including the reasons for our decision.

More information about how to contact us and the complaint resolution process is available at mlc.com.au/complaint

If your concerns haven't been resolved to your satisfaction or we haven't responded to you within 90 days, you can lodge a complaint with the **Australian Financial Complaints Authority (AFCA)**. You can contact AFCA at:

Website: afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne VIC 3001

AFCA is an independent financial services complaint resolution scheme that is free to consumers. Time limits apply to certain complaints; you should contact AFCA to find out if a time limit applies.

If you have a complaint about the financial advice you received, you should follow the complaint resolution process explained in the Financial Services Guide provided by your financial adviser.

Some things you should know

This section is specific to MLC MasterKey and MLC Personal Superannuation. It is a reminder about how your account operates.

Protecting all members

We look out for you, so we've introduced processes that help protect the interests of all members.

Switching investments

You can change your investment options at any time. We don't charge a fee for you to do this. However, buy-sell spreads may apply.

These products are not appropriate for members who wish to switch their investments frequently in the pursuit of short-term gains.

We monitor all investment options for abnormal transaction activity because this sort of activity can have adverse impacts for other members.

To maintain equity, the Trustee has the right to deal with members who frequently switch by:

- delaying, limiting or rejecting their future switch requests, and/or
- cancelling membership and transferring their account balance to the Australian Eligible Rollover Fund.

We may also delay any switches or withdrawals from assets where delays are caused by circumstances outside our control, for example where an investment manager delays or suspends unit pricing. We're not responsible for losses caused by these delays.

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

We also reserve the right to suspend processing of requests for up to five business days at the end of the financial year.

Should any of these events occur, we'll use the unit price on the day we process your request.

Some things you should know

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 meeting costs as they arise:

- for an investment option as a whole by offsetting them against investment earnings. This is the approach when there is a single unit price, sometimes called no-spread unit pricing, or
- due to member transactions by offsetting them against the individual member assets. This is the approach when investment options have a buy-sell spread in the unit price.

The transaction costs borne by an investment option are identical in each approach and, generally, both methods work well.

However, having a buy-sell spread in the unit price is acknowledged as industry best practice and is the more equitable method in certain extreme situations.

Therefore, the investment options offered through products launched by us from December 2006 use unit pricing with buy-sell spreads (eg MLC MasterKey Super & Pension, MLC MasterKey Super & Pension Fundamentals).

For no-spread investment options, we allow for expected transaction costs in the valuation of assets to protect members in an investment option that is in decline.

We will be implementing the buy-sell pricing approach on an option by option basis in coming years as older products stop receiving substantial inflows.

When implemented, there will be a once-off immediate fractional reduction in the unit price for the investment option.

This will be offset by improved investment earnings over following years (relative to the performance that would have been experienced had the transaction cost policy not been implemented).

Note: The transaction cost policy is a part of the Trustee's Product Governance Framework.

How your money is invested

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

One of the Trustee's responsibilities is to make sure your investments are managed according to the investment strategies and objectives established by the Trustee.

We offer many products for you to invest in. Some of these will have similar investment objectives and strategies. To make this section easier for you to read, we've grouped products with common objectives and strategies together on the following pages.

Investment Managers

Investment managers of the investment options available on our menu this year are:

Altrinsic Global Advisors, LLC¹
Antares Capital Partners Limited²
Arnhem Investment Management Pty Limited
Ausbil Investment Management Limited
BlackRock Investment Management Australia Limited
Fairview Equity Partners Pty Ltd¹
Investors Mutual Limited
Macquarie Investment Management Global Limited
MAPP Pty Limited
MLC Limited¹
NAB Asset Management Services Limited²
National Australia Bank Limited²
Perennial Value Management Limited
Perpetual Investment Management Limited
PIMCO Australia Pty Limited
Platinum Investment Management Limited
Schroder Investment Management Australasia Limited
Vanguard Investments Australia Limited

¹ A member of the National Australia Bank Group of Companies (NAB Group) is a minority shareholder in the investment manager.

² A member of the NAB Group.

We may use the services of NAB Group companies where it makes good business sense to do so and will benefit our customers.

Amounts paid for these services are always negotiated on an arm's-length basis.

Asset allocation and large investments

Further information about your actual asset allocation can be found in your Annual Statement. As at 30 June 2018, the MLC Super Fund held the following assets with a value of greater than 5% of the Fund's total assets:

- WM Pool - Australian Equities No. 2 - 8%¹

Many different investment options and products across the MLC Super Fund invest in this underlying asset.

¹ MLC Investments Limited, a related company, is the responsible entity of this investment option.

Derivatives

Derivatives may be used in any of the investment options.

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 movement in the underlying asset is unfavourable.

Risks particular to derivatives include the risk that the value of a derivative may not move in line with the underlying asset, the risk that counterparties to the derivative may not be able to meet payment obligations and the risk that a particular derivative may be difficult or costly to trade.

How your money is invested

The Trustee's derivatives policy permits the use of derivatives where consistent with an investment option's objective, risk profile, disclosure and governing documents, legislative and regulatory requirements. They may be used for:

- hedging
- efficient portfolio management, and
- investment return generation.

Further information on the Trustee's derivatives policy is available at mlc.com.au/derivativesforsuper

How the external investment managers invest in derivatives is included in their PDS, available on mlc.com.au/findafund in the 'External funds' tab.

Understanding your investment performance

The investment options available may change at any time and information about the current investment options including their investment objective is available on mlc.com.au/fundprofiletool

You can also find information about your investment returns in your Annual Statements.

Some investment options are closed to investment by new members. If you're invested in a closed investment option, it may not be referred to in the current Investment Menu or in a current Product Disclosure Statement for your product.

| Product name | Investment objective | Investment strategy | About your account value |
|---|--|---|---|
| MLC MasterKey & MLC Personal Superannuation Savings Plan | | | |
| MLC MasterKey Super & Pension Fundamentals | To provide a selection of investment options so you can invest according to your individual needs and circumstances. | The Trustee invests in suitably structured portfolios. | 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: <ul style="list-style-type: none"> • 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. |
| MLC MasterKey Super & Pension | | Each investment option available has an individual investment objective and strategy. | |
| MLC MasterKey Business Super | | | |
| MLC MasterKey Personal Super | | | |
| MLC MasterKey Superannuation Gold Star Series 1-10 | | | |
| MLC MasterKey Superannuation Five Star Series 1-4 | | | |
| MLC MasterKey Allocated Pension Gold Star | | | |
| MLC MasterKey Allocated Pension Five Star | | | |

How your money is invested

| Product name | Investment objective | Investment strategy | About your account value |
|---|----------------------|---------------------|---|
| MLC MasterKey & MLC Personal Superannuation Savings Plan | | | |
| MLC MasterKey Term Allocated Pension | | | <p>If you would like to find out more about our unit pricing philosophy, go to mlc.com.au/unitpricephilosophy</p> |
| MLC Personal Superannuation Savings Plan | | | <p>NAB Fixed Rate Fund (only available to members in MLC MasterKey Allocated Pension Gold Star, Five Star and Term Allocated Pension and is closed to new applicants in MLC MasterKey Pension)</p> <p>A guaranteed interest rate is payable for the term selected. Interest is calculated daily and credited:</p> <ul style="list-style-type: none"> • on withdrawal or switch, or • on maturity. <p>An exit fee applies if you withdraw before the maturity date. This fee will reduce the earnings on your investment.</p> <p>NAB Term Deposit (only available to members in MLC MasterKey Super and Pension and MLC MasterKey Super and Pension Fundamentals)</p> <p>A guaranteed interest rate is payable for the term selected. Interest is calculated daily and credited annually on the anniversary of the term, or on maturity.</p> <p>Early withdrawals are only permitted in extreme circumstances and will result in reduced interest.</p> |

How your money is invested

| Product name | Investment objective | Investment strategy | About your account value |
|--|---|--|--|
| MLC Super Pension Plan | | | |
| MLC Super Pension Plan | To provide a fixed regular income stream for a selected period. | The Trustee has purchased an annuity policy with MLC Limited. | This plan provides a fixed regular income stream for a selected period. |
| MLC Capital Guaranteed products | | | |
| MLC Maturity Growth Superannuation Plan | To balance risk and return considerations while securing guarantees to members. | The Trustee invests in policies issued by MLC Limited who, in turn, invests in a suitably structured portfolio of securities. Surplus assets, over and above those required to fund guaranteed benefits, are generally invested in a more diversified portfolio to increase potential returns. | A declared rate of interest is allocated to your account after 30 June each year. |
| MLC Capital Guaranteed Personal Super Savings Plan Series 1-2 | | | If you withdraw during the year, an interim rate is calculated and applied to your daily account balance before your benefit is paid. |
| | | | The interim rate is set with the intention to reflect the year to date earnings and, as a result, may differ from the declared rate. |
| MLC Whole of Life Superannuation | Aims to provide a guaranteed benefit payable on maturity of the policy or your death. | The Trustee invests in policies issued by MLC Limited who, in turn, invests in a suitably structured portfolio of securities. Surplus assets, over and above those required to fund guaranteed benefits, are generally invested in a more diversified portfolio to increase potential returns. | In most cases, these products earn bonuses which are allocated annually. Your bonuses, where applicable, are advised each year in your Annual Statement. |
| MLC Endowment Superannuation | | | |
| MLC Pure Endowment Superannuation | | | |
| Whole of Life Endowment | | | |
| MLC Insurance products | | | |
| MLC Life Cover Super | Your contributions are used to pay the premiums for the insurance cover selected. | | These products do not have an account balance or value. |
| MLC Insurance (Super) | | | |
| MLC Protection - Life | | | |
| MLC Protection - Executive Life | | | |
| Solitaire | | | |

Financial Report

The following abridged Fund financial information for the financial year ended 30 June 2018 are for the MLC Super Fund.

Please call us if you wish to receive a printed copy of the full audited financial statements and auditor's report.

Financial Report

MLC Super Fund Abridged Financial Information – Statement of Financial Position

As at 30 June 2018

| | 2018 \$m | 2017 \$m |
|--|---------------|---------------|
| Assets | | |
| Cash and cash equivalents | 1,456 | 1,507 |
| Outstanding settlements | 16 | 88 |
| Other receivables | 144 | 62 |
| Investments measured at fair value | | |
| Fixed interest securities | 210 | 242 |
| Listed equities | - | 62 |
| Unlisted unit trusts | 79,263 | 74,938 |
| Life insurance policies | 241 | 401 |
| Derivative assets | 11 | 35 |
| Total assets | 81,341 | 77,335 |
| Liabilities | | |
| Payables | 157 | 58 |
| Derivative liabilities | 23 | - |
| Income tax payable | 443 | 432 |
| Deferred tax liabilities | 531 | 458 |
| Total liabilities excluding member benefits | 1,154 | 948 |
| Net assets available for member benefits | 80,187 | 76,387 |
| Member benefits | | |
| Defined contribution member liabilities | 75,421 | 72,280 |
| Defined benefit member liabilities | 4,316 | 3,492 |
| Unallocated contributions | 7 | 209 |
| Total member liabilities | 79,744 | 75,981 |
| Total net assets | 443 | 406 |
| Equity | | |
| Investment reserve | 42 | 35 |
| Defined benefit surplus | 161 | 132 |
| Administration reserve | 55 | 55 |
| Self-insurance reserve | 10 | 8 |
| General reserve | 62 | 62 |
| Other reserves | 113 | 114 |
| Total equity | 443 | 406 |

Financial Report

MLC Super Fund Abridged Financial Information – Income Statement

For the year ended 30 June 2018

| | 2018 \$m | 2017 \$m |
|--|--------------|--------------|
| Superannuation activities | | |
| Interest | 28 | 32 |
| Dividend and distribution income | 2,790 | 2,239 |
| Changes in investments measured at fair value | 4,171 | 5,210 |
| Other income | 64 | 60 |
| Total superannuation activities income | 7,053 | 7,541 |
| Investment expenses | 293 | 296 |
| Administration fees | 434 | 447 |
| Operating expenses | 25 | 9 |
| Total expenses | 752 | 752 |
| Net result from superannuation activities | 6,301 | 6,789 |
| Profit from operating activities | 6,301 | 6,789 |
| Less: Net benefits allocated to defined contribution member accounts | (5,712) | (5,932) |
| Less: Net change in defined benefit member liabilities | (244) | (504) |
| Profit before income tax | 345 | 353 |
| Income tax expense | 410 | 219 |
| Profit/(loss) after income tax | (65) | 134 |

Financial Report

MLC Super Fund

Abridged Financial Information – Statement of changes in member benefits

For the year ended 30 June 2018

| | Defined Contribution Members \$m | Defined Benefit Members \$m | Total \$m |
|--|---|--------------------------------------|--------------|
| Opening balance of member benefits as at 1 July 2017 | 72,280 | 3,492 | 75,772 |
| Contributions: | | | |
| Employer | 3,626 | 240 | 3,866 |
| Member | 887 | 6 | 893 |
| Transfer from other superannuation plans | 1,691 | 651 | 2,342 |
| Transfer to other superannuation plans | (4,967) | (157) | (5,124) |
| Income tax on contributions | (395) | (32) | (427) |
| Net after tax contributions | 842 | 708 | 1,550 |
| Benefits to members/beneficiaries | (2,928) | (116) | (3,044) |
| Insurance premiums charged to members' accounts | (751) | (6) | (757) |
| Death and disability benefits credited to members' accounts | 360 | 2 | 362 |
| Reserves transferred to/(from) members' accounts | (94) | (8) | (102) |
| Benefits allocated to members' accounts comprising: | | | |
| Net investment income | 6,138 | - | 6,138 |
| Administration fees | (426) | (8) | (434) |
| Net change in defined benefit member benefits | - | 252 | 252 |
| Closing balance of member benefits as at 30 June 2018 | 75,421 | 4,316 | 79,737 |

| | | | |
|--|---------|-------|---------|
| Opening balance of member benefits as at 1 July 2016 | - | - | - |
| Contributions: | | | |
| Employer | 3,676 | 182 | 3,858 |
| Member | 1,274 | 9 | 1,283 |
| Transfer from other superannuation plans | 69,632 | 3,375 | 73,007 |
| Transfer to other superannuation plans | (4,152) | (461) | (4,613) |
| Income tax on contributions | (395) | (20) | (415) |
| Net after tax contributions | 70,035 | 3,085 | 73,120 |
| Benefits to members/beneficiaries | (3,380) | (92) | (3,472) |
| Insurance premiums charged to members' accounts | (722) | (5) | (727) |
| Death and disability benefits credited to members' accounts | 415 | - | 415 |
| Benefits allocated to members' accounts comprising: | | | |
| Net investment income | 6,375 | - | 6,375 |
| Administration fees | (443) | (4) | (447) |
| Net change in defined benefit member benefits | - | 508 | 508 |
| Closing balance of member benefits as at 30 June 2017 | 72,280 | 3,492 | 75,772 |

Financial Report

MLC Super Fund

Abridged Financial Information – Statement of changes in reserves

For the year ended 30 June 2018

| | Investment reserve | Defined benefit surplus | Administration reserve | Self- insurance reserve | General reserve | Other reserves | Total Equity |
|---|-----------------------|-------------------------------|---------------------------|-------------------------------|--------------------|-------------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Opening balance as at 1 July 2017 | 35 | 132 | 55 | 8 | 62 | 114 | 406 |
| Net transfers to/from reserves | - | 12 | (6) | 2 | (7) | 101 | 102 |
| Profit/(loss) | 7 | 17 | 6 | - | 7 | (102) | (65) |
| Closing balance as at 30 June 2018 | 42 | 161 | 55 | 10 | 62 | 113 | 443 |

| | Investment reserve | Defined benefit surplus | Administration reserve | Self- insurance reserve | General reserve | Other reserves | Total Equity |
|---|-----------------------|-------------------------------|---------------------------|-------------------------------|--------------------|-------------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Opening balance as at 1 July 2016 | - | - | - | - | - | - | - |
| Transfer from other superannuation plans | - | 143 | 56 | 8 | 74 | 19 | 300 |
| Net transfers to/from reserves | - | (29) | (6) | - | (17) | 24 | (28) |
| Profit | 35 | 18 | 5 | - | 5 | 71 | 134 |
| Closing balance as at 30 June 2017 | 35 | 132 | 55 | 8 | 62 | 114 | 406 |

Financial Report

MLC Super Fund Abridged Financial Information – Statement of cash flows

For the year ended 30 June 2018

| | 2018 \$m | 2017 \$m |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Interest | 28 | 32 |
| Dividend and distribution income | 167 | 206 |
| Other investment income | 65 | 54 |
| Insurance premiums | (755) | (715) |
| Investment expenses | (296) | (282) |
| Administration and operating expenses | (476) | (487) |
| Income tax paid | (319) | (131) |
| Net cash flows from operating activities | (1,586) | (1,323) |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 14,101 | 20,409 |
| Purchases of investments | (11,329) | (18,316) |
| Net cash flows from investing activities | 2,772 | 2,093 |
| Cash flows from financing activities | | |
| Employers' contributions | 3,874 | 3,858 |
| Members' contributions | 894 | 1,281 |
| Transfer from other superannuation plans | 2,132 | 2,099 |
| Transfer to other superannuation plans | (5,056) | (4,613) |
| Benefits to members/beneficiaries | (3,017) | (3,458) |
| Death and disability benefits credited to members' accounts | 363 | 415 |
| Income tax on contributions | (427) | (415) |
| In-specie transfer of cash from successor fund merger (SFM) | - | 1,570 |
| Net cash flows from financing activities | (1,237) | 737 |
| Net increase/(decrease) in cash and cash equivalents | (51) | 1,507 |
| Cash and cash equivalents at the beginning of the financial year | 1,507 | - |
| Cash and cash equivalents at the end of the financial year | 1,456 | 1,507 |



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

Postal address

PO Box 200
North Sydney NSW 2059

Registered office

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

mlc.com.au