



Annual Report for the period starting 1 July 2016 and ending 30 June 2017

MLC Super Fund

Preparation date
15 December
2017

Issued by NULIS
Nominees (Australia)
Limited (the Trustee)

ABN 80 008 515 633
AFSL 236465

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

This Annual Report is relevant to:
Plum Super*
Plum Personal Plan
Plum Retirement Income

*The fund information for your plan in Plum Super is contained in:

- this Annual Report, and
- the Plan Annual Report, prepared on 15 December 2017 and available by logging into your account online.

You should read both documents together.

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References within the Annual Report to "we", "us" or "our" are references to the Trustee, unless otherwise stated.

A year in review

The 2017 financial year was a welcome year of global economic progress that seemed improbable 12 months earlier.

Despite continued political uncertainty featuring prominently, the global economy's improved performance and pick up in company earnings were very supportive of share prices across the US, Europe and Asia. The Australian share market and the value of our dollar also strengthened.

Amidst these shifts in our sector we achieved a huge milestone – merging five super funds to create the MLC Super Fund. With 1.2 million members and more than \$75 billion in assets, we're now one of Australia's largest retail super funds.

It's given us the opportunity to make exciting changes across the business and offer our members more choice and flexibility with their super. We're also investing in our digital capabilities and reshaping our online platforms to make banking and super more seamless.

We're optimistic about the future. And we're on board to do more than just manage your super. 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.

For more information about building a strong portfolio for the future, head over to plum.com.au



Nicole Smith
Chair
NULIS Nominees (Australia) Limited



Matthew Lawrance
CEO
MLC Super

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 on 1 July 2016 appointed NWMSL (National Wealth Management Services Limited ABN 97 071 514 264) to carry out the day-to-day administration of the Fund.

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 does not 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 is not 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 2017: \$253M
- 30 June 2016: \$240M
- 30 June 2015: Not applicable

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.

Meet the Board

The directors are:

Nicole Smith (Chair)

BFA, CA, GAICD

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

Evelyn Horton

Masters of Social Science (Economics),

B Economics (ANU), GAICD

Terry McCredden

B Comm (Hon) (University of Melbourne)

Looking out for your interests

Trustee director movements

Alan Schoenheimer was appointed non-executive director effective 26 August 2016.

Andrew Gale was appointed non-executive director effective 26 October 2016.

Peeyush Gupta was appointed non-executive director effective 30 November 2016.

John Reid retired effective 31 December 2016.

Trevor Hunt retired effective 31 December 2016.

Some things you should know

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 are 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 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 generally required by law to transfer your account to the ATO if one of the following situations 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 have not 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 unable to contact you
- the ATO informs us that you were a former temporary resident and left the country over six months ago
- 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 have been able 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 agreement or court order. If after a reasonable period of time we've tried but have been unable to contact your spouse, or your spouse's beneficiary/estate.

If your account is transferred to the ATO for any of these reasons, you can contact the ATO on **13 10 20** 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 or defined benefit) 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 **13 10 20**.

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 your superannuation from the Fund 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, we may be required to transfer your superannuation to the ATO as unclaimed super. In these circumstances, relying on relief from ASIC, we're not required to notify you or give you an exit statement and you'll need to contact the ATO directly to claim your superannuation. For more information go to ato.gov.au

Illiquid investments and portability

When you ask us to roll over or transfer 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 of this and provide details of the illiquid investments.

Resolving complaints

We can usually resolve your complaint quickly over the phone on **1300 55 7586**.

Alternatively, you can email or write to us. You can escalate your complaint through our internal dispute resolution process in which we will 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 plum.com.au/complaints

If you're not satisfied with the final outcome of your complaint or if your complaint is not satisfactorily resolved within 90 days, you have the right to lodge a dispute with the Superannuation Complaints Tribunal (SCT), an independent, external dispute resolution body established by the Commonwealth Government, which can resolve certain types of disputes relating to superannuation providers. You can contact the SCT by calling **1300 884 114** or emailing info@sct.gov.au Time limits apply to certain complaints to the SCT so you should contact them to find out if a time limit applies. More information is available at sct.gov.au

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

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
- meeting costs as they arise 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.

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.

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 an agreed investment strategy and objective.

Investment strategy

The Trustee invests in suitably structured portfolios. Each investment option available has an individual investment objective and strategy.

Investment objective

Our investment objective is to provide a selection of investment options so you can invest according to your individual needs and circumstances.

Investment manager

The investment manager is NAB Asset Management Services Limited, 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 arms 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 2017, 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 TRUST NO. 2— 7.77%

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

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.

Investment managers have derivatives policies which outline how derivatives are managed. Information on the Trustee's derivative policy is available by contacting us.

Understanding your investment performance

Investment options

The investment options available may change at any time and information about the current investment options is available by logging into your account online.

For more detailed information about the current investment options including their investment objectives and investment returns, refer to the Investment Menu.

You can access the current Investment Menu by logging into your online member account or contact us on **1300 55 7586**.

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

How your money is invested

Closed investment options

Some investment options are closed to investment by new members. However, members who already have units in closed investment options can make additional contributions to those options. If you are invested in a closed investment option, it may not be referred to in the current Investment Menu.

However, further information is available about any closed investment options you are invested in, including investment objectives and recent investment performance on plum.com.au

About your account value

For most members, 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:

- 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.

If you would like to find out more about our unit pricing philosophy, go to plum.com.au

Defined Benefit Employer Plan Members

Defined Benefit accounts are valued differently. Details for your account can be found in the 'Plan Annual Report', available by logging into your account online.

Financial Report

The following abridged Fund accounts for the financial year ended 30 June 2017 are for the whole of the MLC Super Fund.

The full audited financial statements and auditor's report will be available on our website from December 2017.

You can also call us to receive a paper copy.

Financial Report

MLC Super Fund Abridged Financial Information – Statement of Financial Position

As at 30 June 2017

	2017 \$m	2016 \$m
Assets		
Cash and cash equivalents	1,507	-
Outstanding settlements	88	-
Other receivables	62	-
Investments measured at fair value		
Fixed interest securities	242	-
Listed equities	62	-
Unlisted unit trusts	74,938	-
Life insurance policies	401	-
Derivative assets	35	-
Total assets	77,335	-
Liabilities		
Payables	58	-
Income tax payable	432	-
Deferred tax liabilities	458	-
Total liabilities excluding member benefits	948	-
Net assets available for member benefits	76,387	-
Member benefits		
Defined contribution member liabilities	72,280	-
Defined benefit member liabilities	3,492	-
Unallocated contributions	209	-
Total member liabilities	75,981	-
Total net assets	406	-
Equity		
Investment reserve	35	-
Defined benefit surplus	132	-
Administration reserve	55	-
Self insurance reserve	8	-
General reserve	62	-
Other reserves	114	-
Total equity	406	-

Financial Report

MLC Super Fund Abridged Financial Information – Income Statement

For the year ended 30 June 2017

	2017	9 May 2016 to 30 June 2016
	\$m	\$m
Superannuation activities		
Interest	32	-
Dividend and distribution income	2,239	-
Changes in investments measured at fair value	5,210	-
Other investment income	60	-
Total superannuation activities income	7,541	-
Investment expenses	296	-
Administration expenses	4	-
Operating expenses	5	-
Total expenses	305	-
Net result from superannuation activities	7,236	-
Profit from operating activities	7,236	-
Net benefits allocated to defined contribution member accounts	(6,375)	-
Net change in defined benefit member liabilities	(508)	-
Profit before income tax	353	-
Income tax expense	219	-
Profit after income tax	134	-

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MLC Super Fund

Abridged Financial Information – Statement of changes in member benefits

For the year ended 30 June 2017

	Defined Contribution Members \$m	Defined Benefit Members \$m	Total \$m
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 DB member benefits	-	508	508
Closing balance of member benefits as at 30 June 2017	72,280	3,492	75,772

Opening balance of member benefits as at 9 May 2016	-	-	-
Contributions:			
Employer	-	-	-
Member	-	-	-
Transfer from other superannuation plans	-	-	-
Transfer to other superannuation plans	-	-	-
Income tax on contributions	-	-	-
Net after tax contributions	-	-	-
Benefits to members/beneficiaries	-	-	-
Insurance premiums charged to members' accounts	-	-	-
Death and disability benefits credited to members' accounts	-	-	-
Benefits allocated to members' accounts, comprising:			
Net investment income	-	-	-
Administration fees	-	-	-
Net change in DB member benefits	-	-	-
Closing balance of member benefits as at 30 June 2016	-	-	-

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MLC Super Fund Abridged Financial Information – Statement of changes in reserves

For the year ended 30 June 2017

	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

	Investment reserve	Surplus	Administration reserve	Self insurance reserve	General reserve	Other reserves	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Opening balance as at 9 May 2016	-	-	-	-	-	-	-
Transfer from other superannuation plans	-	-	-	-	-	-	-
Net transfers to/from reserves	-	-	-	-	-	-	-
Profit	-	-	-	-	-	-	-
Closing balance as at 30 June 2016	-	-	-	-	-	-	-

Financial Report

MLC Super Fund Abridged Financial Information – Cash Flow Statement

For the year ended 30 June 2017

	2017	9 May 2016 to 30 June 2016
	\$m	\$m
Cash flows from operating activities		
Interest	32	-
Dividend and distribution income	2,239	-
Other investment income	54	-
Investment expenses	(282)	-
Administration expenses	(482)	-
Operating expenses	(5)	-
Income tax paid	(546)	-
Insurance premiums	(715)	-
Net cash flows from operating activities	295	-
Cash flows from investing activities		
Proceeds from sale of investments	20,409	-
Purchases of investments	(20,349)	-
Net cash flows from investing activities	60	-
Cash flows from financing activities		
Employers' contributions	3,858	-
Members' contributions	1,281	-
Unallocated contributions	209	-
Transfer from other superannuation plans	1,890	-
Transfer to other superannuation plans	(4,613)	-
Benefits to members/beneficiaries	(3,458)	-
Death and disability benefits credited to members' accounts	415	-
In-specie transfer of cash from successor fund merger (SFM)	1,570	-
Net cash flows from financing activities	1,152	-
Net increase/(decrease) in cash and cash equivalents	1,507	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at the end of the financial year	1,507	-



For more information call the Trustee from anywhere in Australia on 1300 55 7586.

Postal address:

GPO Box 63
Melbourne VIC 3001

Registered office:

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

plum.com.au