

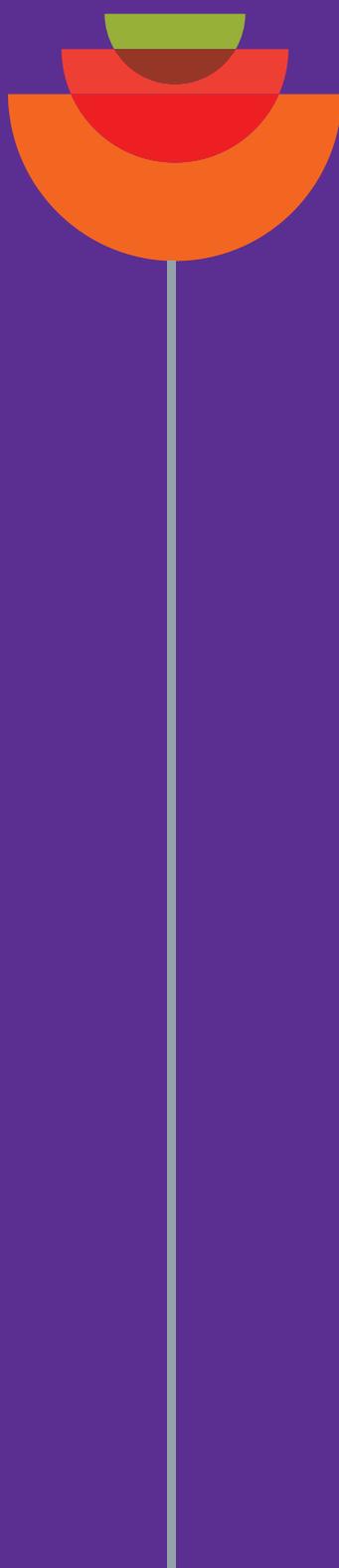
# 2015 Annual Report for the National Australia Bank Group Superannuation Fund A

**Preparation date**  
2 November 2015

**Issued by the Trustee**  
PFS Nominees Pty Ltd  
ABN 16 082 026 480  
AFSL 243357

**The Fund**  
National Australia Bank Group  
Superannuation Fund A  
ABN 59 929 570 050

This Annual Report is an update on how your money is invested and a reminder of some of the things you should know. For an update on your investment options, login online into your member account or contact us on **1300 55 7586**.



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# A year in review

**The 2015 financial year was another year of solid performance, particularly for global share and property securities investors. Interest rates remained at historically low levels around the globe for much of the year, resulting in modest returns for fixed income investors. By keeping interest rates low, Central banks in many countries attempted to encourage investment in assets that generate economic growth.**

While global economic growth improved, questions remained about the robustness of the recovery, and conditions varied widely across countries. Slowing demand from China for our commodities was a key driver of the modest returns from Australian shares this year.

With the unpredictability of the market, the rising cost of living and increased life expectancy, it's never been more important than now to ensure that you have a holistic wealth strategy in place – one that will ensure you live comfortably now and into your retirement.

We know that your needs change over time, that's why our super and insurance solutions are designed to grow with you. Our investment menu offers multi-class portfolios and single asset class funds, so you can tailor your investment strategy to suit your personal financial objectives and risk appetite. You can help protect your wealth and lifestyle with insurance, to achieve a wealth strategy to suit your needs in a cost effective way.

We continue to enhance the online tools available to you, to help you grow your wealth and save for your retirement.



**Nicole Smith**

Chair

PFS Nominees Pty Limited

Trustee of the National Australia Bank Group Superannuation Fund A

# 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 non-executive directors, the Trustee Board is responsible for the management of the Fund. The Trustee's duties include:

- providing investment choice
- ensuring your interests are maintained, and
- keeping you informed of any changes.

The Trustee Board has professional indemnity insurance, and has appointed Plum Financial Services Limited (ABN 35 081 812 731) to carry out the day-to-day administration of the National Australia Bank Group Superannuation Fund A (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. (Mathematics and Physics) 1971  
FIA (UK) and FIAA  
GAICD

### 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

B Economics 1986  
Master of Social Sciences (Economics) 1995  
GAID

### Terry McCredden

B Commerce (Honours) 1978

# Looking out for your interests

## Trustee director movements

For this reporting period, there were no changes to Trustee directors.

## Indemnity insurance

We are entitled to be indemnified against all liabilities that we may incur in the administration of the Fund, unless we have acted fraudulently, dishonestly, out of wilful misconduct or have breached a civil penalty provision under the relevant legislation or in other circumstances where an indemnity is not permitted at law.

We hold professional indemnity insurance in relation to our activities as Trustee.

## Deed of guarantee

We are required by legislation to either maintain particular levels of capital, or to be entitled to the benefit of an approved guarantee. To meet this requirement, we have been provided with a Deed of Guarantee by the National Australia Bank Limited. We are entitled to a guarantee of up to \$5 million in respect of our duties as Trustee of the Fund and the Plum PST.

## Operational risk reserve (ORR)

We are required to keep a financial reserve to cover any losses that members incur due to a breakdown in operations.

The ORR is invested in the investment option shown below.

## Operational risk reserve investment strategy

Option	Proportion (%)
Growth	100%

The balance of the ORR at the end of the last three financial years is summarised below:

Year ended 30 June	Fund reserve (\$)
2015	8,114,119
2014	4,976,881
2013	n.a.

## Annual audit

Each year we are audited by an independent company.

We're pleased to report we've met all our obligations and received a clean audit report.

## Policy Committee

The role of the Policy Committee is to raise matters of concern that relate to the Fund. This includes providing an avenue for members to enquire about the investment strategy and performance of the Fund and assisting us in dealing with complaints or enquiries about the operation of the Fund.

Member-elected	Employer-appointed
Ann Hayhoe	Lynda Dean
Elly Grace	Victor Brusco
Laureen Zippel	Katie Modra

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.

Following a Policy Committee election during the year, Ann Hayhoe, Elly Grace and Laureen Zippel were elected as member representatives of the Fund. The employer representatives appointed by NAB were Lynda Dean, Victor Brusco and Katie Modra.

# Some things you should know

## Eligible rollover funds (ERFs)

ERFs are approved by the Australian Prudential Regulation Authority (APRA). They generally have more conservative investments than other superannuation funds, which may result in lower long term returns.

If you are entitled to a benefit of less than \$5,000 you will be given 60 days (from the date we write to you after your employer notifies us that you have left employment) to advise us where to transfer your benefit. If you do not advise an alternative fund, we will pay your benefit to the Trustee's nominated ERF in the following 60 days. We may also transfer your benefit to the ERF in other circumstances permitted by law.

The ERF will hold your transferred benefit until you claim it. You will not have any claim against us once your benefit has been transferred to an ERF because your Fund membership will have ceased. Your insurance cover (if any) will cease. The rules of the ERF will govern your benefit once it has been transferred.

Our current ERF is the Australian Eligible Rollover Fund which can be contacted on **1800 677 424** or by writing to:

**Australian Eligible Rollover Fund  
Locked Bag 5429  
PARRAMATTA NSW 2124**

If your benefit is transferred to an ERF and if we can provide the ERF with your contact details, the ERF will provide you with its current Product Disclosure Statement (PDS). Alternatively, you can contact the ERF for a copy of its PDS.

The ERF will apply a different fee structure than that of the Fund. You should refer to the ERF's PDS for more information.

## Unclaimed monies

We must pay your benefit to the ATO under the Superannuation (Unclaimed Money and Lost Members) Act 1999 in certain circumstances, including if:

- all the following apply to you:
  - you have reached the eligibility age specified in the regulations (currently 65)
  - we have not received a contribution on your behalf for at least two years, and
  - after a period of five years since we last contacted you, we are unable to contact you again after making reasonable efforts;
- it meets the definition of a 'small' or 'insoluble' lost member account, or
- you are a former temporary resident and we receive a written notice from the ATO directing payment to be made (refer below).

## Temporary resident

If you are a former temporary resident, your lump sum benefit is taken to be unclaimed super monies if:

- you held a temporary visa that has ceased to have effect and you have left Australia
- it has been at least six months since the visa ceased to be in effect and/or you left Australia
- the Fund has received a Temporary Resident Notification from the ATO instructing the monies be transferred
- you are neither an Australian citizen nor a New Zealand citizen
- you are not a permanent resident or currently the holder of a temporary, permanent or prescribed visa, and
- you do not have an undetermined application for a permanent visa.

If you are a former temporary resident who has left Australia and your visa has expired or been cancelled, you can claim your superannuation from the Fund as a Departing Australia Superannuation Payment (DASP). Contact us on **1300 55 7586** for further information on how to initiate a DASP.

However, if you do not claim your benefit within six months of becoming eligible to do so, we will pay your benefit to the ATO if we receive a written notice from the ATO directing payment to be made. In this event, you have a right to apply to the Commissioner of Taxation for payment of the DASP.

The Australian Securities and Investments Commission (ASIC) has provided relief to superannuation trustees to the effect that a trustee is not obliged to notify, or give an exit statement to, a former temporary resident where the trustee pays unclaimed superannuation to the ATO in accordance with the applicable legislation requirements. We wish to rely on this relief. Consequently, members who are departed former temporary residents will not be notified in the event of their benefits being transferred to the ATO in these circumstances.

# Administering your account

## Trustee expenses

We may be reimbursed for costs and expenses relating to the establishment, operation, management, administration, investment and termination of the Fund including tax, insurance costs and any fees or charges imposed by, or paid by, the Fund.

In addition, we may retain all or a proportion of the interest earned on the Fund's bank accounts to pay trustee and Fund expenses.

We also have the right to be indemnified in certain circumstances for any liability incurred while acting as trustee.

## Unpaid contributions

We work with employers to assist them in understanding their superannuation obligations. While we do this to assist both employers and members, you should ensure that all expected contributions are credited to your member account. If you have any queries regarding a possible contribution shortfall, please contact your employer or us on **1300 55 7586**.

## Retained Benefits Account facility

Should you leave NAB, the Fund has a Retained Benefits Account (RBA) facility that allows you to maintain your membership of the Fund, including continuation of your Death and Total and Permanent Disablement cover. The RBA can accept your leaving service benefit and any subsequent contributions from you, your spouse or your future employers. It can also accept superannuation lump sums you may wish to transfer from other funds.

There is no maximum investment in the RBA; however there is a minimum investment of \$5,000. Withdrawals of unrestricted non-preserved monies may be made with a minimum withdrawal amount of \$5,000

applying and subject to the minimum investment being maintained.

The fee applicable to the RBA facility compares favourably against other similar products. There are no entry or exit fees, with a low administration fee of \$1.75 per week and a management fee of 0.14% p.a. based on your account balance. In addition, investments costs between 0.9% and 1.54% (indicative only) are deducted prior to the unit prices being issued and earnings credited to members' account.

## Spouse Account Facility

The Fund also has a Spouse Account facility to enable members' spouses to join the Fund.

The Fund can accept a Spouse of an existing member as a member upon receipt of a spouse contribution from the existing member. From there, the Fund can accept personal or employer contributions for the spouse as well as spouse contributions paid by their spouse. In some cases, a member may be eligible for a maximum tax offset (rebate) of \$540 where they contribute a spouse contribution to their low income or non-working spouse's account. Superannuation lump sums transferred from other funds may also be accepted.

Fees charged for spouse accounts are identical as those for RBA members as outlined above.

## Allocation of earnings

If you have an accumulation account with investment choice available, the investment earnings (which may be positive or negative) are reflected daily in the unit price of your investment option(s) (so the price goes up with positive investment earnings and goes down if there are investment losses). The unit price for an investment option reflects the total dollars held in that

investment option divided by the number of units issued, and the value of your account depends on the value of the unit price and the number of units you hold.

If you have a defined benefit account, additional information regarding the allocation of earnings is contained in your Member benefit statement.

If the Fund has reserves, this will be stated in the Reserve section. We will invest the reserves in accordance with the investment strategy set out in the Defined benefit investment strategy section.

## Insurance

The insured benefits from the Fund are provided under a policy of insurance between us and MLC Limited.

The level of cover is subject to terms, conditions, restrictions, adjustments and offsets (if any) imposed under the policy by the insurer.

## Contributions tax and surcharge

Most types of concessional contributions made into a regulated superannuation fund are taxed at the rate of 15%. In some cases higher rates apply. This includes employer contributions (including superannuation guarantee), before-tax member (salary sacrifice) contributions and any untaxed elements rolled over into the Plan. Contributions tax is calculated and deducted at 30 June and 31 December from your account.

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.

# Administering your account

If you are an accumulation member, the surcharge (when paid by us) is deducted from your account and reported in your Member benefit statement.

If you are a defined benefit member, the surcharge will be paid on your behalf and recorded in a surcharge debt account established in your name (accruing interest as determined by us).

The total of that debt account held in the Fund will be deducted from your benefit when the benefit is paid from the Fund. The amount of any surcharge debt account (if applicable) will be shown on your Member benefit statement.

## Defined benefits

As described in the Fund benefits section, your defined benefit may be partly funded by your own personal contributions and contributions made by your employer as determined by the Fund Actuary. The Fund Actuary will determine the level at which your employer needs to contribute towards the funding of these benefits.

The assets supporting defined benefits exist to meet benefit payments, fees and insurance premiums in respect of defined benefits. The assets are invested in an investment strategy determined by us in consultation with your employer.

The strategy for the investment of defined benefit assets is shown below.

Defined benefit investment strategy

Option	Proportion (%)
Growth	100%

## Fund reserve

A Fund reserve exists within the Fund. The reserve may be used to meet defined benefit entitlements, fees and insurance premiums of Plan members, according to the governing rules of the Fund and in consultation with your employer.

The reserve is invested in the strategy described in Defined benefit investment strategy.

The balance of the Plan reserve at the end of the last three financial years is summarised below:

Year ended 30 June	Fund reserve (\$)
2015	25,735,435
2014	23,902,980
2013	n.a.

## Financial position – defined benefits

The Fund Actuary assessed the financial position of the Fund at 30 June 2015 and determined that the defined benefit assets of the Fund were in a satisfactory position.

## Trust Deed amendments

An amendment was made to the Trust Deed effective 8 December 2014 relating to the Policy Committee. The purpose of the amendment was to allow the establishment of a Policy Committee.

## SIS compliance

No penalty was imposed against us or any director under the Superannuation Industry (Supervision) (SIS) Act 1993 during the reporting period.

## Frequent switching

You should not invest in the Fund if you intend to switch your investments frequently in the pursuit of short-term gains.

We monitor all investment options for abnormal 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
- cancelling membership, or
- transferring their account balance to the Australian Eligible Rollover Fund.

# 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

Our investment strategy is to make available a range of investment options with different risk, return, liquidity and diversification profiles and to encourage members to choose an investment option, or combination of options, that best suit their personal circumstances. We generally invest your superannuation monies in the investment options of your choice.

The investment options allow investments in a diverse range of asset classes including international and Australian shares, property securities, fixed interest securities and cash.

### 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 options

The investment options available may change at any time and information about the current investment options is available on our website.

For more detailed information about the current investment options including their investment objectives and investment returns, refer to the Investing in NABGSF document. You can access the current Investing in NABGSF by logging into your online member account or contact us on **1300 55 7586**.

You can also find more information about your investment returns on your Member benefit statement.

### Investment managers

#### JANA

We've appointed JANA Investment Advisers (JANA) to advise us on our Investment Menu. It is one of the leading investment consultants in Australia with over A\$280 billion funds under advice and A\$40 billion funds under management (at 31 December 2014). JANA is a wholly owned subsidiary of National Australia Bank (NAB).

JANA employs experts in putting together portfolios for people. They structure portfolios to deliver more reliable returns in many potential market environments. And, as their view of world markets changes, they evolve the portfolios to manage new risks and capture new opportunities.

They have both internal investment management expertise, and the experience and resources to find some of the world's best investment managers.

And they provide regular insight and updates on the performance of the investment options.

JANA's investment approach can be summarised as follows:

- JANA believes it is possible to reduce risk and outperform over the long term by taking advantage of occasional large divergences from fair value in investment markets.
- Through diligent hands-on research, it is possible to select managers capable of outperforming over the long term. While above-average ability in security selection is a prerequisite in most asset classes, managers must also exhibit a disciplined process and style and this should be reflected in the qualities and mindset of its personnel.

# How your money is invested

- To be of real value, research needs to be implemented with full commitment and not sit on the fence.

## Investment managers

The Fund offers a wide range of investment options managed by the following investment managers.

### Investment managers as at 30 June 2015

JANA Investment Advisers

Lend Lease Real Estate Investments Limited

LGT Capital – Crown Global  
Secondaries

## 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.

Investment managers, have derivatives policies which outline how derivatives are managed. JANA's policy is available by contacting us on **1300 55 7586**.

We invest most of the assets of the Fund in the investment options of your choice. We do not invest directly in derivatives. Investments in derivatives may be made by the investment managers appointed by us as Trustee for the purposes of managing their portfolio (investment options).

The investment managers are not permitted to use financial derivatives to leverage the performance of the portfolio beyond that which could be obtained if derivatives were not used. At no time in the reporting period did our use of the derivative charge ratio exceed 5%.

# Financial information

The abridged Fund accounts provided below have been taken from the Fund's Financial Report for the year ended 30 June 2015. A full copy of the Fund's audited Financial Report, the auditor's report and other relevant Fund information is available from us on request.

## National Australia Bank Group Superannuation Fund A

Statements of changes in net assets for the financial year ended 30 June

	2015 (\$'000)	2014 (\$'000)
<b>Investment income</b>		
Interest	374	343
Distribution income	5,185	30,041
Changes in the net market values of investments	379,543	450,682
Other investment income	176	544
<b>Net investment revenue</b>	<b>385,278</b>	<b>481,610</b>
<b>Contribution revenue</b>		
Employers' contributions	263,039	248,650
Members' contributions	18,803	13,924
Government co-contributions	176	205
Transfers from other funds	73,433	57,779
<b>Total contribution revenue</b>	<b>355,451</b>	<b>320,558</b>
<b>Other income</b>		
Group life insurance proceeds	6,303	10,283
Other revenue	33	182
<b>Total other income</b>	<b>6,336</b>	<b>10,465</b>
<b>Total revenue</b>	<b>747,065</b>	<b>812,633</b>
<b>Benefits paid</b>	<b>371,256</b>	<b>353,931</b>
<b>Expenses</b>		
Administration fees	3,235	4,534
Group life insurance premiums	16,003	13,224
Custody fees and investment management expenses	729	767
Trustee fees	245	58
Other operating expenses	3,326	3,142
<b>Total expenses</b>	<b>23,538</b>	<b>21,725</b>
<b>Change in net assets before income tax</b>	<b>352,271</b>	<b>436,977</b>
<b>Income tax expense</b>	<b>37,261</b>	<b>24,535</b>
<b>Change in net assets after income tax</b>	<b>315,010</b>	<b>412,442</b>
<b>Change in net assets attributable to members of the fund</b>	<b>315,010</b>	<b>412,442</b>
<b>Net assets available to pay benefits and reserves at the beginning of the year</b>	<b>3,954,730</b>	<b>3,542,288</b>
<b>Net assets available to pay benefits and reserves at the end of the year</b>	<b>4,269,740</b>	<b>3,954,730</b>

# Financial information

## Statements of net assets at 30 June

	2015 (\$'000)	2014 (\$'000)
<b>Assets</b>		
Cash and cash equivalents	28,470	8,424
Life policies <sup>#</sup>	4,188,678	3,065,209
Unlisted unit trusts <sup>#</sup>	65,302	899,999
Trade and other receivables	9,568	7,685
<b>Total Assets</b>	<b>4,292,018</b>	<b>3,981,317</b>
<b>Liabilities</b>		
Trade and other payables	2,190	3,817
Benefits payable	1,653	7,480
Deferred tax liability	3,382	7,699
Investment purchase payables	4,629	2,461
Current tax liabilities	10,424	5,130
<b>Total liabilities (excluding net assets available to pay benefits)</b>	<b>22,278</b>	<b>26,587</b>
<b>Net assets available to pay benefits and reserves</b>	<b>4,269,740</b>	<b>3,954,730</b>
<b>Represented by:</b>		
Net assets available to pay benefits	4,261,626	3,949,753
Operational risk reserves	8,114	4,977
<b>Net assets available to pay benefits and reserves</b>	<b>4,269,740</b>	<b>3,954,730</b>

## Statement of Fund assets by investment portfolio

Investment options	As at 30 June 2015		As at 30 June 2014	
	Amount (\$)	Investment options in excess of 5% of Fund assets (%)	Amount (\$)	Investment options in excess of 5% of Fund assets (%)
<b>MySuper Default option</b>				
NABGSF MySuper	1,844,633,159.09	43	1,676,622,197.92	42
<b>Diversified options</b>				
Capital Stable Option	105,428,459.15		100,806,654.73	
Balanced Option	288,944,682.69	7	269,829,517.29	7
Growth Option	635,007,496.06	15	615,132,808.17	16
High Growth Option	1,038,820,230.10	24	964,065,994.35	24
<b>Sector-specific options</b>				
Cash Option	136,021,280.53		140,332,019.25	
Fixed interest Option	31,396,936.45		34,330,948.93	
Australian Shares Option	116,148,508.82		122,542,777.16	
Overseas Shares Option	57,579,129.56		41,545,190.32	
<b>Closing assets<sup>^#</sup></b>	<b>4,253,979,882.45</b>		<b>3,965,208,108.12</b>	

<sup>^</sup>The closing assets amount calculated at 30 June may vary slightly due to rounding.

<sup>#</sup>The closing assets amount calculated as at 30 June is made up of Life Policies and Unlisted Unit Trusts as disclosed in the Statement of net assets.



## Contact us

Call us on **1300 55 7586** between 8am and 7pm AEST (8pm daylight savings time), Monday to Friday if you have any queries or concerns about your superannuation.

## More information

If you would like more information or documents such as a Product Disclosure Statement, Financial Report, Actuarial Report extracts, or any other information about the Fund, please contact us on **1300 55 7586**.

You can also write to us:

**Financial Services Limited**  
**GPO Box 63**  
**Melbourne VIC 3001**