

ANNUAL REPORT 2015/16



MySuper 
AUTHORISED

 heron
PARTNERSHIP

2015/16 Quality Star Rating

nsf  super
simple.

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Our push for paperless

Unless you tell us otherwise, your Annual Report will now be available to view or download from the NSF Super website at nfsuper.com.au/annualreport

You can also ask to receive a free electronic copy by email or printed copy by post - simply contact the NSF Super team enquiries@nfsuper.com.au or 1800 025 241.



This Annual Report provides important details of NSF Super's activities and investments for the financial year ended 30 June 2016.

A summary of the benefits and features of NSF Super can be found in our Product Disclosure Statement, available at nfsuper.com.au/PDS or by contacting the NSF Super team.

your Nationwide Superannuation Fund

The Nationwide Superannuation Fund (NSF Super) was established in 1987 and remains committed to its original objectives – to establish and grow a multi-industry superannuation fund that provides exceptional products and services to you, our members and supporting employers.

NSF Super is a member based organisation, meaning we are not driven to maximise profits for shareholders. Instead, the Fund returns benefits to you by **keeping fees low**, providing competitive and **value-added product features**, along with highly-regarded, **personalised service**.

In an industry that can be complex by nature, the NSF Super team continues to review and refine our product offerings and processes to make it simple for you to understand the details of your superannuation savings and help you to make informed financial decisions.

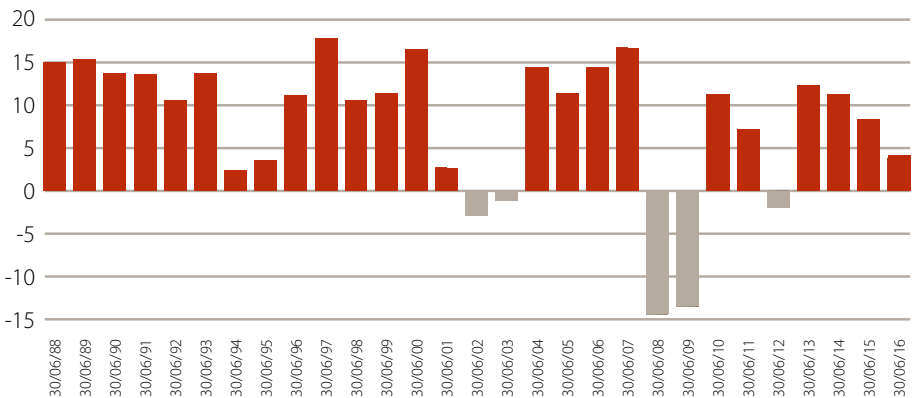
We remain proud of our reputation for exceptional service and helping you to maximise your superannuation entitlements, and continue to attract members from all over Australia in a diverse range of industrial, manufacturing, retail, service and professional industries.

Ongoing Solid Performance for Members

NSF Super has a history of competitive long-term returns for members.

NSF MySuper/Diversified*

Compound average annual return since inception 7.82%[^]



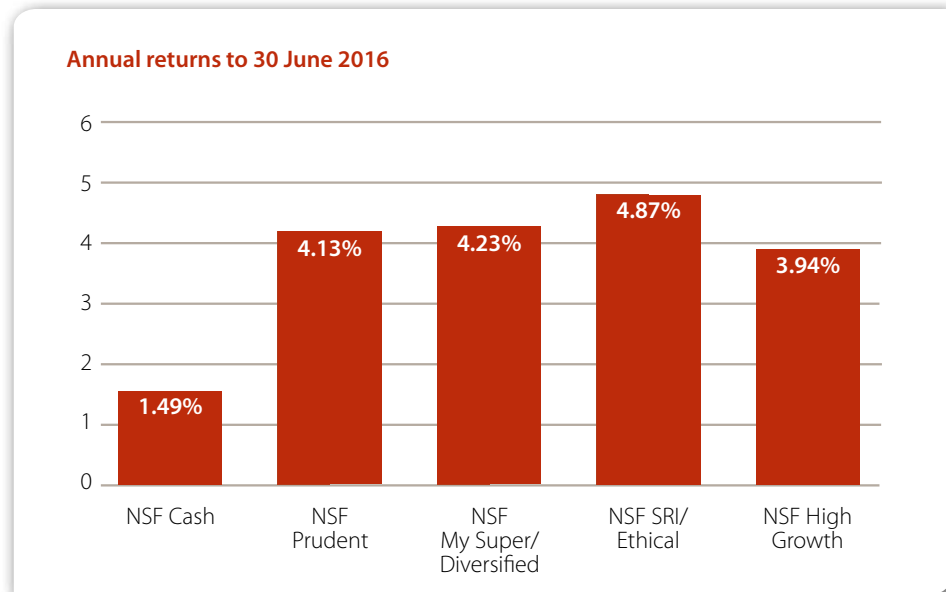
*NSF Super's MySuper/Diversified (Default) option, which commenced in 1987.

[^]Net of fees and taxes.

Please remember that past performance is no indication of future performance.

your NSF Super – key facts at a glance

- Created to run only for the benefit of members
- No entry or contribution fees
- No commissions paid to advisers
- A history of competitive long-term returns



Note: Past performance is no indication of future performance.

your fund news



Kim McHugh
Chair

Report from the NSF Super Chair

Welcome to the 2015/16 Annual Report for NSF Super.

We have continued our work over the last year to ensure that we provide NSF Super members and employers with high quality products and services that help meet your needs and legal responsibilities, while ensuring that NSF Super remains competitive within the super industry.

As mentioned in my last report, we conducted our first major member survey in late 2015. Surveys were sent to a random selection of members, and we give a heartfelt thank you to the hundreds of members that took time out to reply. Your comments were many and varied, but overall positive. Thank you. We continue to work through the implementation of initiatives to further improve our services to you as a direct result of your feedback.

Once again, NSF Super has not been immune to the increases in insurance premiums across the industry. Disappointed with the increase, we have commenced another full review of our insurance products, levels of cover and other terms, in order to help ensure that you continue to have an appropriate level of cover for a reasonable cost.

The work we have done with our employers to ensure they were ready to meet new obligations under the government's SuperStream initiatives has been a huge success. Over 95% of all contributions we now receive are compliant with the SuperStream rules. I extend a sincere thank you to our business development team for the support they have given to our employers in helping them to understand and meet their obligations.

We are pleased to confirm that our investment returns this year remain positive, however, like other funds we are conscious of the impact of world events on the results. We continue to devote considerable resources to improving investment returns and reducing fees, while investigating other services and products to help you with saving for your retirement and your insurance needs.

Many of you have also continued to make use of our financial planning solutions, with a very strong take-up of our over-the-phone advice service throughout the year. We encourage you to contact the NSF Super team if you have any questions regarding your super, retirement or insurance needs.

Finally, I would again like to thank you, our members and employers for your ongoing loyalty and support, and to all those involved with NSF Super for their assistance and effort throughout the year. A special thank you to our Management Team and my fellow directors who are totally dedicated to helping you with your retirement savings.



Ian Morante
CEO

Report from the NSF Super CEO

I'd like to start by thanking you, our members and employers, for your loyalty and support over the last year. My hope is that we've earned your ongoing support for the coming years ahead too.

The team at NSF Super has been working hard to continue to make super 'simple', and I'm proud of the new innovations we introduced over the year.

Firstly, you can now download a digital Member Card to your smartphone and keep a range of information about your membership in one handy place.

Our MemberAccess site also received an upgrade, making it easier to view and scroll through, and is now generally more user-friendly for mobile phones and tablets. Members can also manage a lot more of their insurance needs using MemberAccess, like applying for more cover, reducing or cancelling cover, changing your Occupation Rating, or even applying to transfer insurance cover from another Fund.

Consolidating any other super accounts you may have into your NSF Super account got easier too, with the NSF Super team now able to help you out over the phone.

Finally, from 1 July you now have the ability to make a Binding Death Benefit Nomination. The nomination is legally binding on the Trustee of NSF Super and means that on your death, your NSF Super benefit would be paid as you instructed. Visit the website for full details and how to make a nomination.

We understand that super can still be a complex subject, so take a look at some tips over the page that might help make things a little easier.

Small boosts can end up making a big difference to the amount of super you have available at retirement to live a comfortable lifestyle from that point. We're also here to help you work it out, simply call the NSF Super team on 1800 025 241. We can also provide access to professional financial advice, through Link Advice (previously known as Money Solutions prior to 1 July 2016).

My sincere thanks go to the NSF Super Management Team, the Directors of our Trustee Board, and all our service providers, for their hard work and efforts during the year to assist NSF Super members and employers with achieving their super objectives.



TIP: Do you have any lost super?

At the end of last year, the ATO had over 1.2 million lost super accounts worth over \$12.6 billion waiting to be reclaimed. If you think some of this \$12.6 billion could be yours, we can help you get it back!

- Let's look at a typical area in Australia - in postcode 2285 alone, the ATO says they hold 1,348 'lost' super accounts, worth more than \$15.5 million.

TIP: Do you have multiple super accounts?

According to the ATO, over 6 million Australians (45% of those that hold a super account) have 2 or more super accounts. If this includes you, you should consider whether paying multiple account fees is helping you make the most of your total super savings.

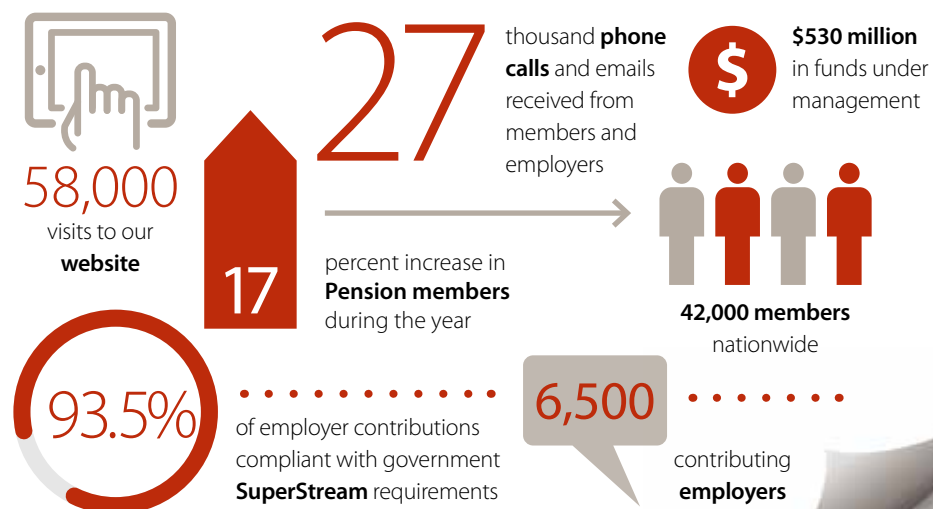
TIP: Are you making the most of super opportunities?

- The way your super is invested can have a huge impact on the total of your super savings at retirement. NSF Super offers you 5 different investment options to help meet your needs and objectives. Are you currently invested in the best option/s for you?
- Most of our members are entitled to automatic 'default' insurance cover, in the case of death, terminal illness, or total and permanent disability. Did you know you can apply for more cover and even Income Protection insurance? How much cover is right for you?

TIP: Have you considered how best to access your super at retirement?

Many people think of their super as a 'lump sum' of money you get at retirement, but a pension option can be tax effective and help your savings last longer in retirement. Would a pension account suit your retirement needs down the track?

2015/16 in numbers



your investment performance – looking back at the year

This investment commentary is issued by Mercer Investments (Australia) Limited ABN 66 008 612 397, Australian Financial Services Licence #244385. You should remember that past performance should not be relied upon as an indicator of future performance.

Investment markets were mixed during the 2016 financial year, with the Australian share market outperforming overseas markets over the period. The major international share index returned 0.4% while emerging markets fell 9.2% for unhedged Australian investors. The major detracting influences were increased political uncertainty in Europe and China's economic growth slowdown, while strong economic indicators (housing and labour markets in particular) out of the US contributed positively to global share markets.

Australia

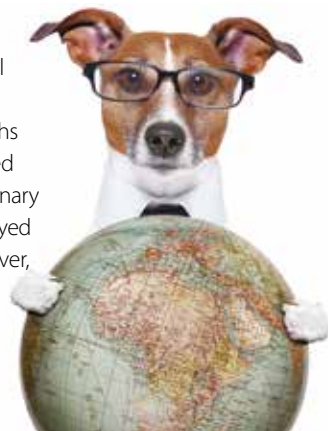
The broad Australian shares market returned 0.9% over the 2016 financial year. The Australian economy has slowly started to gain momentum following the conclusion of the mining boom. However following a negative 0.2% Consumer Price Index (CPI) release for Quarter 1 2016, the Reserve Bank of Australia (RBA) decreased the cash rate by 0.25% to a record low of 1.75% in May 2016. This coupled with a declining Australian Dollar has opened up competition for domestic market participants, leading to favourable movement for the labour market and local investors. Oil and iron prices also experienced a surge, rebounding in the second half of the financial year after a continued decline following on from 2014/15. The Property Trusts sector was the strongest contributor to 12 month returns, providing 24.6% to investors and contributing 2.1% to the broader index return.

China

The People's Bank of China (PBoC) cut interest rates and lowered the reserve requirement ratio (the proportion of reserves that banks must hold against deposits) at the start of 2016 financial year before embarking to promote the Renminbi as an international currency in order to protect against severe capital outflow. Following on from this, China's foreign exchange reserves appear to be stabilising with a slight rise the second quarter 2016. However the PBoC net purchased reserves in June, against the trend of the previous 6 months, suggesting its preference shifted to devaluing the Renminbi to help exporters. With the lowered economic growth target for 2016 to 6.5-7%, China is continuing to moderate its economic growth to a sustainable level.

Europe

Most European equity markets were negative over the 2016 financial year. Germany and France were the major detractors, with the DAX 30 and CAC 40 falling 11.6% and 8.1% respectively over the 12 months in local currency terms. The Europe region of the MSCI World returned -8.4% for unhedged Australian investors. This came despite expansionary monetary policy and extended quantitative easing measures employed by the European Central Bank (ECB) effecting positive growth. However, the period would be marked by the uncertainty in nations



like Germany over the influx of refugees and conclude with the British referendum vote to leave the European Union (EU) in the second quarter of 2016, known as the 'Brexit'. The Brexit would have repercussions across the global economy and uncertainty over the process remains prevalent.

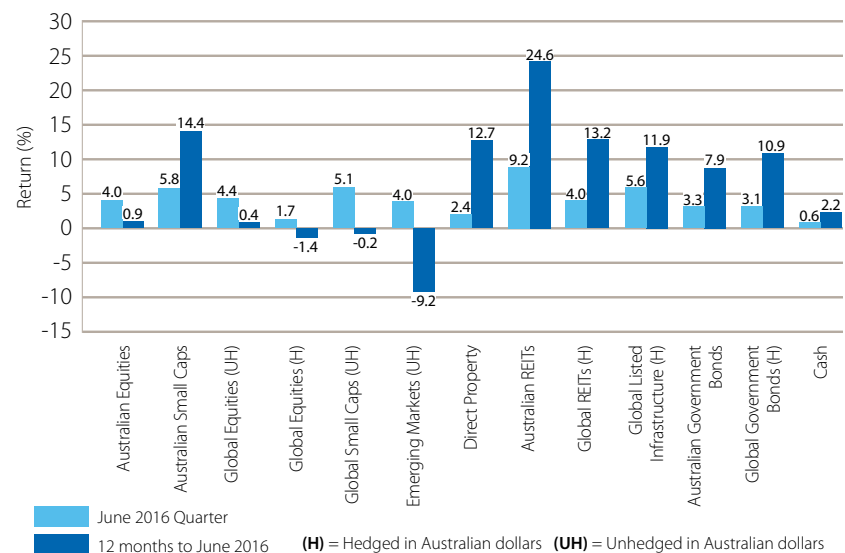
United States of America

The Federal Reserve delayed raising interest rates until the 4th quarter of 2015, stressing that interest rate hikes would be gradual. Following the raise from 0%-0.25% to 0.25%-0.5%, interest rates were left unchanged for the rest of the financial year as the Fed continued to be wary of heightened global uncertainty and more recently, the effects of a 'Brexit' vote. Over the financial year, household spending and economic activity expanded at a moderate pace leading to further speculation of cash rate hikes in the latter half 2016 as the Federal Reserve sees encouraging economic signals.

Asset Class Performance to 30 June 2016

Performances were mixed over the year, with strong returns for property, infrastructure and fixed income while emerging markets (unhedged) and overseas shares (hedged) experienced negative returns. Australian shares experienced moderate returns, outperforming unhedged overseas shares by 0.5%.

Asset Class Returns - 30 June 2016

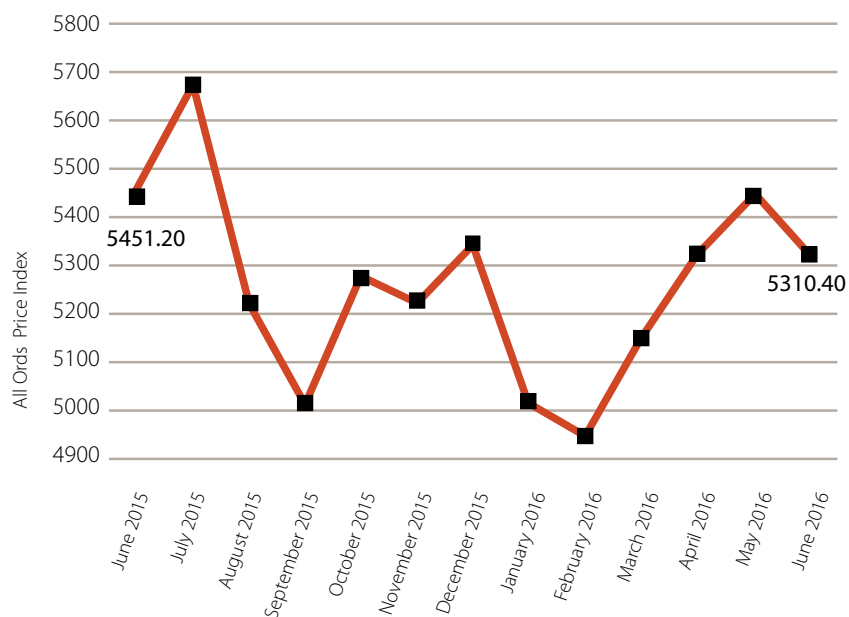


your investment performance – looking back at the year

Listed equity markets were negatively impacted by increased uncertainty surrounding political volatility in Europe as well as China's future growth prospects which highlights the value of having a well-diversified portfolio as real assets and fixed income markets performed significantly well over the year. Market volatility is expected to continue as US interest rate hikes continue to be anticipated and the fallout from the Brexit vote is put in action as Britain invokes Article 50 and begins the process of leaving the EU.

Diversification across global markets and asset classes continues to be key in ensuring a robust investment strategy during times of economic uncertainty. Investors are reminded to maintain a long term focus, especially in the context of superannuation savings.

Australian Share Market Movement 2015/16



your investments options

Option

NSF MySuper/Diversified[^]

Inception – 1987 (Super), 1 July 2011 (Pension)*

The NSF Diversified option is the default option in which your balance and contributions are invested where you have not made an investment choice.

Aims to produce an investment return of at least 3% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June). This objective is also considered appropriate over rolling 10 and 20 year periods.

This option is designed for members who want a moderate level of return over the medium term. There will be some fluctuations of returns from year to year.

The option provides balanced investment diversification by investing across a wide range of growth and defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternative investments and cash.

On average, this option may produce a negative return in 3.5 years over a 20 year period, making it a medium to high risk investment option.

[^]From 1 September 2013, this option became known as the NSF MySuper option for members in the Employer Sponsored Division only.

Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2007	16.77	N/A	2.07
30 June 2008	-14.35	N/A	4.51
30 June 2009	-13.41	N/A	1.46
30 June 2010	11.29	N/A	3.05
30 June 2011	7.04	N/A	3.60
30 June 2012	-1.96	-1.17	1.18
30 June 2013	12.33	14.55	2.39
30 June 2014	11.30	12.54	3.02
30 June 2015	8.40	8.44	1.51
30 June 2016	4.23	5.87	1.02
Compound average returns			
5 year	6.73	7.90	1.82
7 year	7.41	N/A	2.25
10 year	3.63	N/A	2.38
Since inception*	7.82	7.90	3.01 (Super) 1.82 (Pension)

Please remember that past performance is no indication of future performance.

***Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*



your investments options

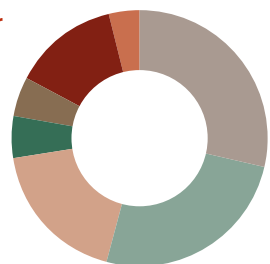
NSF MySuper/Diversified

Asset allocation - Super

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Australian shares	15-40	29.5	28.0	28.76
Global shares	15-40	24.5	28.6	25.57
Real assets	5-25	17	16.9	18.34
Alternatives	0-10	5	5.3	5.22
Growth fixed income	0-15	5	4.4	4.99
Defensive fixed income	5-30	14	11.9	13.44
Cash	0-20	5	5.0	3.67

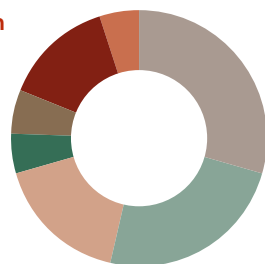
Asset allocation at 30 June 2016

Super



● Australian shares	28.76	● Growth fixed income	4.99
● Global shares	25.57	● Defensive fixed income	13.44
● Real assets	18.34	● Cash	3.67
● Alternatives	5.22		

Pension



● Australian shares	29.50	● Growth fixed income	5.73
● Global shares	24.35	● Defensive fixed income	13.77
● Real assets	16.81	● Cash	4.92
● Alternatives	4.91		

Asset allocation - Pension

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Australian shares	15-40	29.5	28.9	29.50
Global shares	15-40	24.5	24.3	24.35
Real assets	5-25	17	17.2	16.81
Alternatives	0-10	5	5.1	4.91
Growth fixed income	0-15	5	5.0	5.73
Defensive fixed income	5-30	14	14.3	13.77
Cash	0-20	5	5.1	4.92

Option

NSF High Growth

*Inception – 1 July 2003 (Super), 1 July 2011 (Pension) **

Aims to produce an investment return of at least 4% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June).

This option provides investment diversification by investing across a wide range of growth assets including Australian and global shares, property, fixed income, infrastructure and alternatives.

On average, this option may produce a negative return in 4.2 years over a 20 year period, making it a high risk investment option.

Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2007	17.47	N/A	2.07
30 June 2008	-15.56	N/A	4.51
30 June 2009	-15.44	N/A	1.46
30 June 2010	13.32	N/A	3.05
30 June 2011	5.81	N/A	3.60
30 June 2012	-4.62	-4.29	1.18
30 June 2013	15.83	18.80	2.39
30 June 2014	14.16	15.60	3.02
30 June 2015	8.88	10.32	1.51
30 June 2016	3.94	4.94	1.02

Compound average returns

5 year	7.38	8.76	1.82
7 year	7.98	N/A	2.25
10 year	3.68	N/A	2.38
Since inception*	6.62	8.76	2.51 (Super) 1.82 (Pension)



Please remember that past performance is no indication of future performance.

**Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.

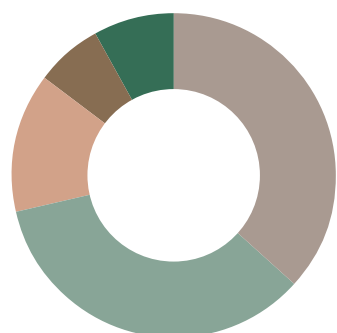
your investments options

NSF High Growth

Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Australian shares	20-50	37	36.5	36.87
Global shares	20-50	35	35.0	34.66
Real assets	0-20	14	14.3	13.79
Growth fixed income	0-15	6	6.1	6.85
Alternatives	0-15	8	8.2	7.83

Asset allocation at 30 June 2016



Australian shares	36.87
Global shares	34.66
Real assets	13.79
Growth fixed income	6.85
Alternatives	7.83



Option

NSF SRI/Ethical

Inception – 1 May 2005 (Super), 1 July 2011 (Pension) *

Aims to produce an investment return of at least 3% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June).

This option provides investment diversification by investing across a wide range of growth and defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternative investments and cash.

This option includes investments in share funds which are designated as Socially Responsible Investments (SRI). Labour standards, environmental, social and ethical issues are taken into account (in addition to the usual investment criteria).

On average, this option may produce a negative return in 3.5 years over a 20 year period, making it a medium to high risk investment option

Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2007	20.43	N/A	2.07
30 June 2008	-14.66	N/A	4.51
30 June 2009	-14.88	N/A	1.46
30 June 2010	16.53	N/A	3.05
30 June 2011	9.40	N/A	3.60
30 June 2012	-0.47	-0.24	1.18
30 June 2013	13.63	16.13	2.39
30 June 2014	11.63	13.58	3.02
30 June 2015	7.40	8.58	1.51
30 June 2016	4.87	5.76	1.02
Compound average returns			
5 year	7.29	8.61	1.82
7 year	8.87	N/A	2.25
10 year	4.72	N/A	2.38
Since inception*	6.06	8.61	2.71 (Super) 1.82 (Pension)

Please remember that past performance is no indication of future performance.

***Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

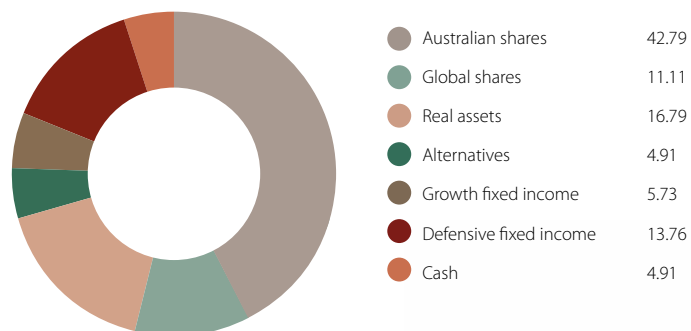
your investments options

NSF SRI/Ethical

Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Australian shares	15-40	29.5	41.7	42.79
Global shares	15-40	24.5	11.5	11.11
Real assets	5-25	17	17.2	16.79
Alternatives	0-10	5	5.1	4.91
Growth fixed income	0-15	5	5.0	5.73
Defensive fixed income	5-30	14	14.3	13.76
Cash	0-20	5	5.1	4.91

Asset allocation at 30 June 2016



A reclassification of investments has resulted in the asset allocation for Australian and Global shares being outside of pre-determined ranges. Investment rebalancing will bring allocations within pre-determined ranges from September 2016.



Option

NSF Prudent

*Inception – 1 July 2003 (Super), 1 July 2011 (Pension)

Aims to produce an investment return of at least 2% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 5 year period (as at 30 June).

This option provides less volatile investment diversification by investing across a wide range of defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternatives and cash.

On average, this option may produce a negative return in 1.6 years over a 20 year period, making it a medium risk investment option.

Historic credit rating of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2007	10.33	N/A	2.07
30 June 2008	-9.50	N/A	4.51
30 June 2009	-9.88	N/A	1.46
30 June 2010	10.77	N/A	3.05
30 June 2011	7.49	N/A	3.60
30 June 2012	0.64	1.32	1.18
30 June 2013	7.42	8.76	2.39
30 June 2014	7.73	8.29	3.02
30 June 2015	5.12	6.20	1.51
30 June 2016	4.13	4.97	1.02

Compound average returns

5 year	4.98	5.87	1.82
7 year	6.14	N/A	2.25
10 year	3.17	N/A	2.38
Since inception*	4.36	5.87	2.51 (Super) 1.82 (Pension)

Please remember that past performance is no indication of future performance.

**Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.

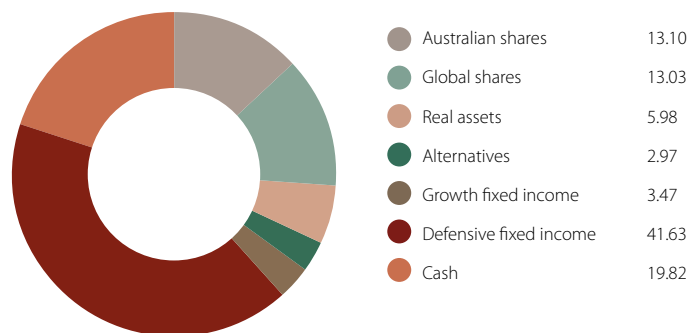
your investments options

NSF Prudent

Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Australian shares	0-20	13	12.6	13.10
Global shares	0-20	13	12.8	13.03
Real assets	0-10	6	6.0	5.98
Alternatives	0-10	3	3.0	2.97
Growth fixed income	0-6	3	3.0	3.47
Defensive fixed income	35-60	42	42.4	41.63
Cash	10-35	20	20.2	19.82

Asset allocation at 30 June 2016



Option

NSF Cash

**Inception – 1 July 2003 (Super), 1 July 2011 (Pension)*

Aims to produce an annual investment return of at least the annual cash rate (measured by the UBS Australian Bank Bill Index as at 30 June).

This option invests in term deposits and money market related interest bearing securities.

On average, this option is expected to not produce a negative return in a 20 year period, making it a very low risk investment option.

Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Benchmark (%) [†]
30 June 2007	5.04	N/A	2.07
30 June 2008	5.88	N/A	4.51
30 June 2009	4.23	N/A	1.46
30 June 2010	3.37	N/A	3.05
30 June 2011	3.84	N/A	5.00
30 June 2012	3.67	4.59	4.70
30 June 2013	2.57	3.03	3.28
30 June 2014	1.90	2.21	2.68
30 June 2015	1.60	1.98	2.60
30 June 2016	1.49	1.82	2.24

Compound average returns

5 year	2.24	2.72	3.10
7 year	2.63	N/A	3.36
10 year	3.35	N/A	3.15
Since inception*	3.45	2.72	3.11 (Super) 3.10 (Pension)

Please remember that past performance is no indication of future performance.

[†]Prior to 2010/11, benchmark was Consumer Price Index. From 2010/11, benchmark is Bloomberg AusBond Bank Bill Index (previously called UBS Australian Bank Bill Index).

***Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

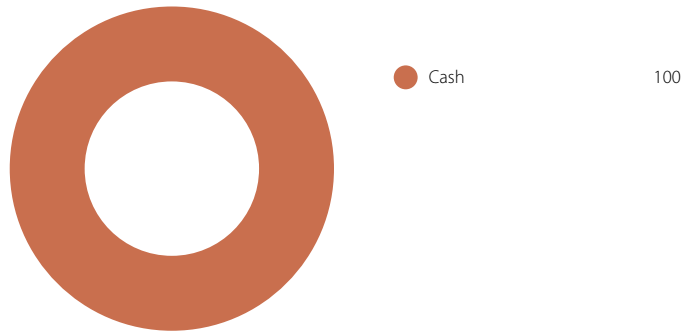
your investments options

NSF Cash

Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2015	At 30 June 2016
Cash	N/A	100	100	100

Asset allocation at 30 June 2016



your investment managers

NSF Super has appointed Mercer Investments (Australia) Ltd as its investment consultant, advising on target asset allocation and fund manager selection.

To help invest your super, we use professional investment managers and regularly monitor their performance. The following is a list of the investment managers that looked after NSF Super assets as at 30 June 2016.

Investment managers

Australian shares

Acadian Asset Management
 Ausbil Dexia
 BT Investment Management
 Fidelity Investments
 Goldman Sachs Asset Management
 Greencape Capital
 JCP Investment Partners
 Nikko Asset Management
 Perpetual Investment Management
 Plato Investment Management
 State Street Global Advisors
 Vinva Investment Management
 Wavestone Capital

Global shares

Acadian Asset Management
 Allianz Global Investors
 AMP Capital
 Arrowstreet Capital
 Ausbil Dexia
 Fidelity Investments
 Macquarie Investment Management
 State Street Global Advisors

Australian fixed income

BT Investment Management
 Challenger
 Macquarie Investment Management
 ME Portfolio Management

Alternatives

Acadian Asset Management
 AQR Capital Management
 Cantab Capital Partners
 Elementum Advisors
 Fore Research & Management
 GAM
 GMO
 MKP Capital Management
 Quaesta Capital
 Taconic Investment Partners
 Winton Capital

Real assets

Charter Hall
 Colonial First State Global Asset Management
 Goodman Funds Management
 IFM Investors
 Investa Property Group
 Kohlberg Kravis Roberts & Co (KKR)
 Lend Lease Investment Management
 Macquarie

Global fixed income

AXA Investment Managers
 Challenger
 Colchester Global Investors
 Colonial First State Global Asset Management
 Franklin Templeton Investments
 H2O Asset Management
 Kapstream Capital
 Wellington Management

Cash & term deposits

Blackrock
 Challenger (managing term deposits held with banks and financial institutions)
 National Australia Bank (operating accounts)

your investment managers

Significant investments

The following investments represent more than 5% of NSF Super's assets:

Investment	Percentage of assets
State Street Global Advisors (under Australian Shares and Overseas shares mandates from Mercer)	26.99%
Kapstream Absolute Return Income Fund	8.21%

top ten share holdings

Australian shares

As at 30 June 2016, NSF Super's top ten Australian share holdings, by investment value, were:

Company name	Industry	Percentage of Australian shares portfolio
Commonwealth Bank Of Australia	Financials	8.60%
Westpac Banking Corporation	Financials	7.39%
Telstra Corporation Limited	Telecommunication Services	4.98%
National Australia Bank Limited	Financials	4.92%
Australia And New Zealand Banking Group Limited	Financials	4.71%
BHP Billiton Limited	Materials	3.73%
CSL Limited	Health Care	3.37%
Wesfarmers Limited	Consumer Staples	2.78%
Macquarie Group Limited	Financials	2.00%
Transurban Group	Industrials	1.81%

Global shares

As at 30 June 2016, NSF Super's top ten global share holdings, by investment value, were:

Company name	Country	Industry	Percentage of global shares portfolio
Apple Inc.	USA	Information Technology	1.19%
Samsung Electronics Company Limited	South Korea	Information Technology	1.03%
Exxon Mobil Corporation	USA	Energy	0.87%
Microsoft Corporation	USA	Information Technology	0.87%
Johnson & Johnson	USA	Health Care	0.78%
General Electric Company	USA	Industrials	0.70%
China Construction Bank Corp	China	Financials	0.70%
AT&T Inc.	USA	Telecommunication Services	0.64%
Amazon.Com Inc.	USA	Consumer Discretionary	0.63%
Nestle S.A.	Switzerland	Consumer Staples	0.58%

your investment information

Investment policy

The Trustee has developed the following overall investment objectives for NSF Super:

- To provide sufficient investment diversification by investing across a wide range of asset types;
- To at all times retain sufficient liquidity within NSF Super to meet immediate liabilities; and
- To invest 75% of NSF Super's assets in investments that are capable of being redeemed for cash within 30 days.

Socially responsible investing (SRI)

Socially responsible investment takes environmental, social, governance (ESG) or ethical considerations into account for the investment selection and management process.

While NSF Super considers ESG investment considerations to be important across all investment options, the NSF SRI/Ethical investment option has been developed to provide members access to an investment option with a specific focus on ESG criteria.

Where possible and cost effective, the NSF SRI/Ethical option will invest in strategies with ESG considerations imbedded in the investment process.

Policy on derivatives

NSF Super allows some of its investment managers to use derivatives such as futures and options in order to manage risk and liquidity and enhance returns. At no time during 2015/16 did the derivative charge ratio exceed 5% of assets.

Crediting rates

Investment earnings are calculated and allocated to members' accounts on a yearly basis, effective as at 30 June each year.

The amount that is allocated to members' accounts at the end of the financial year is determined by the Trustee, after taking into account the investment return of the Fund's assets after tax and expenses.



However, should you make a switch or withdrawal; an interim rate of earnings will be applied to your account. The interim rate is determined by the Trustee on a weekly basis and is calculated based on net returns for the period after allowing for an estimate of tax and expenses. Please note that the interim rate of earnings is generally less than the final audited crediting rate.

your trustee board

NSF Nominees Pty Limited is the Trustee of NSF Super. The Trustee is a company with a Board consisting of independent Directors responsible for the management of NSF Super.

Directors

The Directors at 30 June 2016 were:



Kim McHugh (Chair)

Director since December 2007, Chairperson since October 2013

Kim is an Honours Graduate of the University of Newcastle, an Associate of the Institute of Chartered Accountants and CPA Australia, a Certified Financial Planner™, a Registered Tax Agent and SMSF Specialist Advisor.



Matthew Kerr

Director since July 2013

Matthew holds a Bachelor of Commerce degree from the University of Newcastle and is an Associate of the Institute of Chartered Accountants, a Certified Financial Planner™ and a SMSF Specialist Advisor. He has held senior management positions in a number of financial services and superannuation companies and has been providing financial and superannuation advice to clients for over 15 years.



Matthew Burgess

Director since July 2012

Matthew holds a combined Economics/Law Degree, a Masters in Education, a Graduate Diploma in Legal Practice and a Graduate Diploma in Applied Finance. He has held senior investment management positions in a number of financial services companies.



Timothy Edmonstone

Director since October 2013

Timothy is an Associate of the Institute of Chartered Accountants and holds a Bachelor of Economics degree from the University of Sydney and a Graduate Diploma of Applied Finance. Timothy has extensive management and investment analyst experience, having worked for leading financial and investment firms.



Helen Imienionek

Director since April 2013, Deputy Chairperson since December 2014

Helen is a Member of the Australian Institute of Company Directors and holds Masters Degrees in Business Administration and Commercial Law. Helen has previously held senior management positions at a number of large Australian and International financial institutions. Helen was for 15 years a Risk and Compliance Analyst with a large Australian electricity generation company.



John Lynch

Director since June 2014

John is a fellow of the Australian Institute of Superannuation Trustees and has previously held the role of trustee director and Chair of a corporate superannuation fund. As a qualified workplace trainer and assessor, John has provided advice and support to numerous superannuation boards.

your trustee board

Role and remuneration of the Board

The role of the Board is to ensure that NSF Super is operated and managed in the best interests of members and in accordance with its Governing Rules and super legislation. The Board met every two months, with some committees meeting monthly. The Directors receive a fee in recognition of their time and responsibility commitment to NSF Super.

Director and Management remuneration for 2015/16	
Remuneration band ^	Directors & Key Management personnel
\$40,001 - \$50,000	2
\$50,001 - \$60,000	3
\$80,001 - \$90,000	1
\$150,001 - \$160,000	1
\$200,001 - \$210,000	1

^ Including 9.50% Superannuation Guarantee.

The Directors are remunerated on the following basis:

Role	Fees
Base fee (covers attendance at Board meetings and a minimum of 30 hours training)	\$37,938 per annum
Additional fees	
Investment committee membership	\$2,979 per annum
Claims committee membership	\$12,910 per annum
Chairman fee	\$18,245 per annum
Other approved activities	\$290 per hour

Management staff

Chief Executive Officer (CEO) - Ian Morante CEO and Trustee Company Secretary since May 2005.

As CEO of NSF Super, Ian is responsible for the day to day management of NSF Super and implementing the Trustee Board's strategic plans.

Ian has over 25 years experience in the superannuation industry and holds a Bachelor of Commerce from Newcastle University, a Diploma of Financial Planning, a Diploma of Financial Services (Super), an Advanced Diploma of Financial Services (Super) and is a Fellow of the Australian Institute of Superannuation Trustees.

Chief Operating Officer (COO) – Karen McGaffin Project Manager – Stronger Super August 2012 to December 2014 Chief Operating Officer since January 2015

As COO of NSF Super, Karen manages the operational functions of NSF Super, particularly those functions undertaken by service providers.

Karen has over 18 years experience in the financial services industry, including 5 years in specialist superannuation roles. Karen holds a Bachelor of Law and a Bachelor of Economics, Graduate Diploma in Legal Practice and Graduate Certificate in Human Resource Management. Karen is a Graduate Member of Australian Institute of Company Directors and an Associate Member of the Governance Institute of Australia.

Trustee Indemnity Insurance

NSF Nominees Pty Limited holds indemnity insurance cover, underwritten by Lloyd's of London and Dual Australia Pty Ltd, to protect the Trustee from any loss incurred as a result of a claim made against the Trustee, subject to the terms and conditions of the policy.

Liability insurance has been arranged to compensate for any losses that may occur as a result of a claim against the Trustee, the Fund, or the Directors personally.



your trustee board

Committees

The Board operates a number of committees, which are sub-groups of the Directors to focus on particular issues of importance to NSF Super. The following Directors were members of these committees at 30 June 2016:

Board committees		Members
Audit, Risk and Compliance Committee	Considers matters relating to the financial and statutory compliance obligations of NSF Super, including external audit, risk and legal compliance.	Helen Imienionek (Chair) Matthew Kerr John Lynch Kim McHugh
Investment Committee	Oversees the investment arrangements of NSF Super. In particular, works closely with the investment consultant to undertake strategic investment monitoring and decision making.	Timothy Edmonstone (Chair) Matthew Burgess Helen Imienionek Kim McHugh
Administration Committee	Makes recommendations to the Board to improve efficiencies of fund administration and quality of service to members and employer sponsors.	Matthew Kerr (Chair) Helen Imienionek John Lynch Kim McHugh
Claims and Insurance Policy Committee	Considers and determines claims lodged for Death, Disablement and Terminal Illness. Recommends to the Board any changes necessary to NSF Super's insurance policies.	Matthew Burgess (Chair) John Lynch Kim McHugh Timothy Edmonstone (Alternate member)
Business Development Committee	Develops and recommends NSF Super's strategic direction to the Board.	John Lynch (Chair) Matthew Burgess Matthew Kerr
Remuneration and HR Committee	Oversees the appointment, removal, evaluation and remuneration of Board members and NSF Management Team.	Helen Imienionek (Chair) Matthew Burgess Timothy Edmonstone Matthew Kerr John Lynch Kim McHugh

your important information

Complying Fund

For the period 1 July 2015 to 30 June 2016, and all previous reporting periods, the Trustee is of the opinion that NSF Super complied with all conditions for the operation of superannuation funds required by legislation and licensing requirements.

The Trustee held an Australian Financial Services Licence (AFSL No. 253129) and Registrable Superannuation Entity (RSE) Licence (No. L0001007) throughout 2015/16. The Trustee was granted an authority to offer a MySuper product from 1 July 2013.

Policy committees

Employer sponsors of NSF Super and their members have the opportunity to play an active role in the operation of NSF Super by forming a policy committee. A policy committee is a forum for an employer and its employees who are members of NSF Super to express their views and ask questions about the running of NSF Super.

Under law, NSF Super is required to take all reasonable steps to ensure that a policy committee is set up for each employer with at least 50 employees with NSF Super. For employers with between 5 and 49 employees in NSF Super, a policy committee can be established if at least 5 members request in writing that one be formed.

For further information on the important role that a policy committee plays, please contact NSF Super or download the Policy Committee Guide from nsfsuper.com.au/forms

Superannuation surcharge tax

The superannuation surcharge was a surcharge tax on certain contributions paid for high income earners made after 20 August 1996 and before 1 July 2005. Assessments and adjustments to previous years may still be issued by the Australian Taxation Office (ATO) directly to NSF Super. Any superannuation surcharge tax payable by a member will be deducted from their NSF Super account and paid to the ATO.

Administration Reserve

An Administration Reserve account is maintained to ensure the solvency of the Trustee, as required by the Australian Prudential Regulation Authority (APRA).

During the year, APRA removed the requirement for the Trustee to maintain an Administration Reserve account, due to the Trustee meeting its Operational Risk Financial Reserve target.

The balance from the Administration Reserve was transferred into the Operational Risk Financial Reserve account.

	For the year ended 30 June		
Administration Reserve account	2016	2015	2014
Opening balance	\$251,000	\$251,000	\$251,000
Movement	-\$251,000	\$0	\$0
Closing balance	\$0	\$251,000	\$251,000

your important information

Operational Risk Financial Reserve

APRA requires Trustees to hold adequate financial resources to respond to an operational risk event. To meet these requirements, the Trustee established an Operational Risk Financial Reserve on 1 July 2012 to have access to financial resources to address any losses arising from operational risks.

During 2014/15, the Trustee achieved a balance in the Operational Risk Financial Reserve account that satisfied the target set by the Trustee to ensure compliance with APRA's prudential standards.

The majority of the this reserve account is invested in a growth assets management investment, with the balance invested in cash or cash equivalent assets. Interest and earnings on these investments are re-invested back into the reserve account.

The following net amounts were deposited into the Operational Risk Financial Reserve account during 2015/16:

For the year ended 30 June			
Operational Risk Financial Reserve account	2016	2015	2014
Opening balance	\$1,517,625	\$724,496	\$390,362
Movement	\$262,135	\$793,129	\$334,134
Closing balance	\$1,779,760	\$1,517,625	\$724,496

Capital Expenditure Reserve

There are significant system enhancements and developments which must be undertaken over the coming years to ensure a smooth transition to the Stronger Super regime, so that NSF Super can comply with new legislative requirements.

To fund the expenses anticipated in upgrading and developing the systems, the Trustee created a Capital Expenditure Reserve account on 1 July 2012, funded from membership fees.

This reserve account is invested in cash or cash equivalent assets and interest is re-invested back into the reserve account.

The following net amounts were deposited into the Capital Expenditure Reserve account during 2015/16:

For the year ended 30 June			
Capital Expenditure Reserve account	2016	2015	2014
Opening balance	\$30,337	\$15,441	\$57,681
Movement	\$102,151	\$14,896	-\$42,240
Closing balance	\$132,488	\$30,337	\$15,441

General Reserve

The Trustee established a General Reserve on 18 June 2013 for end-of-year crediting rate adjustments and from which expenditure associated with the development of the Fund, or the improvement of services to members, may be funded.

This reserve account is invested in cash or cash equivalent assets and interest is re-invested back into the reserve account.

The following net amounts were deposited into / paid from the General Reserve account during 2015/16:

For the year ended 30 June			
General Reserve account	2016	2015	2014
Opening balance	\$1,731,973	\$2,884,171	\$2,276,408
Movement	-\$138,521	-\$1,152,198	\$607,763
Closing balance	\$1,593,452	\$1,731,973	\$2,884,171

Service providers

NSF Super engages various professional advisers and service providers to assist in managing the Fund. The following entities provided expert advice and service to NSF Super as at 30 June 2016:

Administrator and Consultant	PSI Superannuation Management Pty Limited
Asset Consultant	Mercer Investments (Australia) Ltd
General Advice Licensee	Money Solutions Pty Ltd (known from 1 July 2016 as Link Advice)
Personal Advice Provider	Money Solutions Pty Ltd (known from 1 July 2016 as Link Advice)
Auditor	PricewaterhouseCoopers (PwC)
Internal Auditor	Ernst & Young
Custodian	NAB Asset Servicing
Group Insurer	MetLife Insurance Limited
Legal Advisers	Mullane & Lindsay Solicitors Thomson Geer Lawyers Moray and Agnew
Actuarial Services	Mercer Consulting (Australia) Pty Ltd Rice Warner Pty Ltd



The Trustee is not associated with any of these organisations.

your important information

Eligible Rollover Fund

If your NSF Super account balance is less than \$4,000 (excluding investment earnings and any applicable fee and tax rebates) and you are classed as lost, we may rollover your account to the SuperTrace Eligible Rollover Fund (operated by Colonial Mutual Superannuation Pty Limited) to protect your account from being eroded by administration fees.

The Trustee will determine whether to implement a rollover to the eligible rollover fund on a regular basis, and will consider if the rollover is in the best interest of the affected members.

If your account is rolled over to SuperTrace, you will no longer be a member of NSF Super and any insurance cover you had with NSF Super will cease. Please also note that the investment earnings of SuperTrace may be lower than those of NSF Super.

You are taken to be a lost member if:

- You are inactive, having been a member for at least two years and NSF Super has not received a contribution or rollover for you in the last two years. Further, at the time of joining NSF Super you entered as an employer sponsored member;
- You are also inactive if you have joined NSF Super from another super fund as a lost member; or
- NSF Super has not received a contribution or rollover for you in the last 12 months and you become uncontactable, whereby NSF Super has never had an address for you or where we have attempted to contact you in writing at the last known address and the communication has been returned.
- Where you have had recent engagement with NSF Super, such as logging into your online MemberAccess account, you will not be considered lost.

To contact SuperTrace:

Telephone: 1300 788 750

Write to: Locked Bag 5429, PARRAMATTA NSW 2124

Facsimile: 1300 700 353

Website: www.supertrace.com.au

Unclaimed monies

The government requires NSF Super to transfer lost accounts with balances under \$4,000 or those that have been inactive for more than 12 months to unclaimed monies, administered by the Australian Taxation Office (ATO). You are able to claim back any unclaimed monies in your name from the ATO at anytime. For more information, go to www.ato.gov.au.

Temporary residents

All super funds are generally required to transfer to the government (at their request) the account balances of members who were temporary residents no longer holding a current temporary visa, where the member left Australia at least six months ago.

An individual who has, at any stage, been a temporary resident and who is not a citizen or permanent resident of Australia or New Zealand, is able to withdraw their super benefits in cash (net of tax) by applying to NSF Super (or to the ATO when, after six months, the benefits have been transferred to the ATO).

Generally tax of 38% will be deducted from departing Australia super payments.

For more information, see Information Sheet: Super for Temporary Residents, available by contacting the NSF Super team.

Disclaimer

This document contains general information only and has been prepared without taking into account your financial objectives, situation or needs. It may, therefore, not be right for you. Before you make any investment decision, we suggest you consult NSF Super's Product Disclosure Statement and/or seek licensed financial advice.

As at the time of compilation, the information contained in this document is correct and any estimates, opinions, conclusions or recommendations are reasonably held or made. Subsequent events may mean that the information becomes out-of-date and so, to the maximum extent permitted by law, we disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this document.



financial statements

Statement of Financial Performance

As at 30 June 2016

	2016	2015
ASSETS	\$	\$
Cash and cash equivalents		
Cash at bank	7,891,816	9,538,733
Short-term deposits	6,992,114	6,267,446
Other receivables		
GST receivable	178,511	200,152
Sundry debtors	-	17,616
Investments		
Unit-linked securities	526,363,841	523,668,647
Tax assets		
Current tax assets	(298,274)	461,598
TOTAL ASSETS	541,128,008	540,154,192
LIABILITIES		
Trade and other payables		
Benefits payable	147,782	61,374
Other creditors	1,095,110	1,103,483
Payable to trustee entity	-	18,105
Provision for payout tax	26,994	25,771
Deferred tax liability	2,026,887	2,934,664
TOTAL LIABILITIES	3,296,773	4,143,397
Net assets available to pay benefits	537,831,235	536,010,795
Represented by:		
Liability for accrued benefits		
Allocated to members' accounts	534,352,446	531,127,558
Not yet allocated to members' accounts	(113,831)	433,479
	534,238,615	531,561,037
Reserves		
Unallocated earnings	86,920	918,823
Operational risk financial reserve	1,779,760	1,517,625
Capital expenditure reserve	132,488	30,337
General reserve	1,593,452	1,731,973
Administration reserve	-	251,000
	3,592,620	4,449,758
Total for liability accrued benefits	537,831,235	536,010,795

Operating Statement

For the year ended 30 June 2016

	2016	2015
	\$	\$
Revenue from ordinary activities		
Investment revenue		
Interest	242,782	269,351
Distributions	36,845,518	28,189,692
Changes in net market value of investments	(20,482,789)	17,932,098
Other income	5,731,054	1,556,037
	<u>22,336,565</u>	<u>47,947,178</u>
Contribution revenue		
Employer contributions	39,071,752	40,653,976
Members' contributions	3,119,553	3,256,523
Transfers from other funds	4,971,194	6,053,062
Proceeds from insurance	6,382,100	6,574,082
	<u>53,544,599</u>	<u>56,537,643</u>
Total revenue from ordinary activities	<u>75,881,164</u>	<u>104,484,821</u>
Less:		
Expenses from ordinary activities		
Premiums on term insurance policies	8,532,890	6,385,613
Superannuation contributions surcharge	53,352	834
Administration asset fees	5,519,882	6,317,172
Asset consultant fees	86,023	58,343
Trustee expenses	1,775,698	1,601,613
Other general administration expenses	755,166	576,648
Total expenses from ordinary activities	<u>16,723,011</u>	<u>14,940,223</u>
Benefits accrued as a result of operations before income tax	59,158,153	89,544,598
Less:		
Income tax expense	(4,092,128)	(7,554,502)
Benefits accrued as a result of operations	<u>55,066,025</u>	<u>81,990,096</u>

Abridged financial statements

This summary has been prepared from the unaudited financial accounts of Nationwide Superannuation Fund for the year ended 30 June 2016. The audit of the financial statements is expected to be completed in September 2016. A full copy of the audited financial statements will be available after this time by contacting NSF Super.

The amounts in the 2015 columns are from the final audited financial statements for the year ended 20 June 2015, for comparison purposes.



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This Annual Report is issued by NSF Nominees Pty Limited (the Trustee)

NSF Nominees Pty Limited

ABN 29 053 228 667

AFSL 253129

Trustee of Nationwide Superannuation Fund (NSF Super)

ABN 15 201 768 813

Administered by PSI Superannuation Management Pty Limited

ABN 93 003 422 320