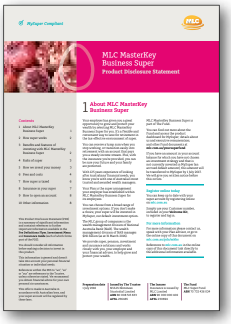
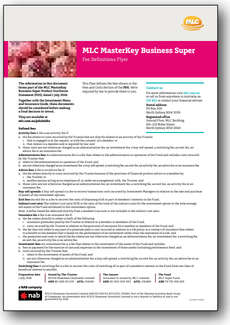
# MLC MasterKey Business Super

Your guide to what is included in the MLC MasterKey Business Super Product Disclosure Statement.


MLC MasterKey Business Super
Product Disclosure Statement

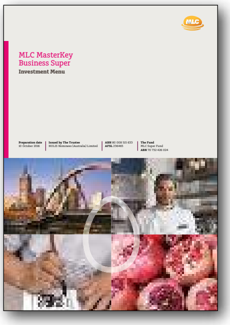
## 1. Product Disclosure Statement

Information on your MLC MasterKey Business Super or MLC MasterKey Personal Super account.


MLC MasterKey Business Super
Fee Definitions Flyer

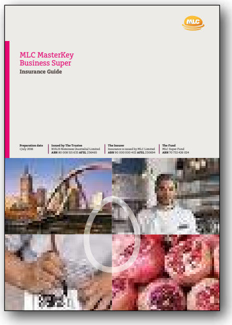
## 2. Fee Definitions Flyer

Definitions of the fees shown in Section 6 of the Product Disclosure Statement. We are required by law to provide these definitions to you.


MLC MasterKey Business Super
Investment Menu

## 3. Investment Menu

Information you need to decide which investment options best suit your financial goals.


MLC MasterKey Business Super
Insurance Guide

## 4. Insurance Guide

Information about the insurance you have through your super.

## Contact us

For more information visit **mlc.com.au** or call us from anywhere in Australia on **132 652** or contact your adviser.

Postal address
PO Box 200
North Sydney, NSW 2059

A127399-1016

# MLC MasterKey Business Super

Preparation date 10 October 2016

**This update to the MLC MasterKey Business Super Product Disclosure Statement (PDS) is provided as a result of changes to the Indicative investment fee ranges, effective 10 October 2016.**

This replaces the information in section 6 **Fees and costs** on page 4 of the Product Disclosure Statement.

| Type of fee | Amount | | How and when paid |
|---|---|---|---|
| | MLC MySuper | Other investment options | |
| **Indicative investment fee** | 0.47% pa (estimated). | Range from 0.25% pa to 3.22% pa (estimated). | • Reflected in the daily unit price for each investment option.<br>• The Indicative investment fee for MySuper includes a fixed Investment fee plus an estimated performance fee of 0.01% pa, which may differ from the actual performance fee. For other investment options the fee varies daily as investment costs change and may also include an estimated performance fee. No maximum.<br>• The amount you pay for a specific investment option, including the estimated performance fee if applicable, is shown in the **Investment Menu**. |

## For more information

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

Postal address PO Box 200, North Sydney NSW 2059

NULIS Nominees (Australia) Limited
**ABN** 80 008 515 633 **AFSL** 236465

MLC Super Fund
**ABN** 70 732 426 024



A131134-1016

MySuper Compliant

# MLC MasterKey Business Super
## Product Disclosure Statement

## Contents



This Product Disclosure Statement (PDS) is a summary of significant information and contains references to further important information available in the **Fee Definitions Flyer**, **Investment Menu** and **Insurance Guide** (each of which forms part of the PDS).

You should consider all information before making a decision to invest in this product.

This information is general and doesn't take into account your personal financial situation or individual needs.

References within the PDS to "we", "us" or "our" are references to the Trustee, unless otherwise stated. We recommend you obtain financial advice for your own personal circumstances.

This offer is made in Australia in accordance with Australian laws, and your super account will be regulated by these laws.

# 1 About MLC MasterKey Business Super

Your employer has given you a great opportunity to grow and protect your wealth by selecting MLC MasterKey Business Super for you. It's a flexible and convenient way to save for retirement in the tax-effective environment of super.

You can receive a lump sum when you stop working, or transition easily into retirement with an account that pays you a steady income stream. Plus, with the insurance you're provided, you can be sure your future and your family are protected.

With 125 years experience of looking after Australians' financial needs, you know you're with one of Australia's most trusted and awarded wealth managers.

Your Plan is the super arrangement your employer has established within MLC MasterKey Business Super for its employees.

You can choose from a broad range of investment options. If you don't make a choice, your super will be invested in MySuper, our default investment option.

The MLC group of companies is the wealth management division of National Australia Bank (NAB). The wealth management division of NAB manages $191 billion (as at 31 March 2016).

We provide super, pension, investment and insurance solutions and works closely with you, your employer and your financial adviser, to help grow and protect your wealth.

MLC MasterKey Business Super is part of The Fund.

You can find out more about the Fund and access the product dashboard for MySuper; details about us and executive remuneration; and other Fund documents at **mlc.com.au/yoursuperfund**

If you have an amount in your account balance for which you have not chosen an investment strategy and that is not currently invested in MySuper (an accrued default amount), this amount will be transferred to MySuper by 1 July 2017. We will give you written notice before this occurs.

### Register online today

You can keep up to date with your super account by registering online on **mlc.com.au**

Simply use your Customer number, included in your **Welcome Kit**, to register and log in.

### For more information

For more information please contact us, speak with your Plan adviser, or go to the online copy of this document on **mlc.com.au/pds/mkbs**

References to **mlc.com.au** in the online copy of this document link directly to the additional information available.


**Preparation date**
1 July 2016

**Issued by The Trustee**
NULIS Nominees (Australia) Limited
**ABN** 80 008 515 633
**AFSL** 236465

**The Insurer**
Insurance is issued by MLC Limited
**ABN** 90 000 000 402
**AFSL** 230694

**The Fund**
MLC Super Fund
**ABN** 70 732 426 024

# 2 How super works

Investing through super is a tax-effective way to save for your retirement.

The Government encourages Australians to use super to build wealth that will generate income in retirement. It's also compulsory for contributions to be made to super for most working Australians. Tax concessions and other Government benefits generally make it one of the best long-term investment vehicles.

## Contributing to your super

Generally you, your spouse or your employer can contribute to your super and help it grow faster. You can also use strategies that include Government co-contributions or arranging with your employer to contribute some of your pre-tax salary.

Whatever strategy you choose, you can contribute through your current and future employers. You can also make additional contributions via direct debit, BPAY® or credit card. You can also set up a Regular Investment Facility to make contributions from your bank account.

While you can generally contribute as much as you like (subject to age-based restrictions), you will incur additional tax if contributions exceed certain limits. Any contributions provided by your employer are treated as super contributions and count towards your concessional contributions limit.

## Consolidating your super

Keeping your super in one place makes sense. You can apply to consolidate your super and insurance with us. You can transfer the money you hold in other Australian and some overseas super accounts to your MLC super account.

This gives you a single view of your money, helps you keep track of your investments and means you are only paying one set of fees for your super.

If you have insurance with another provider, you have the option to add it to the insurance you have with us.

We recommend that you seek financial advice before consolidating your super as your fees and benefits may be different in each account.

We can help you do this if you complete the Consolidate your super form or the Consolidate your insurance form available on **mlc.com.au**

## Leaving your employer

When you leave your current employer, we'll automatically transfer your super account to MLC MasterKey Personal Super. Your fees and premium rates may change. We'll write to you to confirm. You can generally ask your next employer to contribute to your account and keep your super in one place.

## Choosing where your super is invested

You can generally choose which super fund you want to invest your super into. However, if you don't make a choice, your employer has chosen to pay your super contributions into MLC MasterKey Business Super.

> The law defines your eligibility to contribute, the types of contributions you can make or others can make on your behalf, and the maximum amount you can contribute before you pay additional tax. It also sets strict limitations on when you can withdraw your super.
>
> To find out more go to ato.gov.au or **moneysmart.gov.au**

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# 3 Benefits and features of investing with MLC MasterKey Business Super

MLC MasterKey Business Super is a great way to access sophisticated investment and insurance solutions to grow and protect your super. We offer a range of features to help you get your money working for you, in the way you want.

## Investments

If you want to select your own investments, we offer a range of portfolios with different risk levels to suit you at any stage of life.

As Australia's most experienced multi-manager, MLC researches hundreds of investment managers from around the world to select some of the best ones for our investment portfolios.

Because world markets change, our portfolios are managed and evolve by actively researching these markets, and seeking new opportunities to increase returns or reduce risk.

We also offer a wide range of specialist portfolios managed by us or other investment managers.

If you don't make an investment choice, your super is invested in MySuper, which is managed by JANA Investment Advisers (JANA), a fully-owned subsidiary of National Australia Bank.

We also keep you updated with regular reports and online access to your account, so you can see exactly how your investments are performing.

## Insurance

We automatically provide you with default insurance. You benefit from group discounts, so the premiums on this insurance are generally cheaper than if you had insurance separately.

Protecting yourself through your super is a tax-effective option. And, as your premiums are deducted from your super account, it's also hassle free.

When your life changes, so do your insurance needs. That's why we automatically adjust our default insurance as you get older. It's also why we make it easy for you to increase your insurance when big events happen, like getting married, or having a baby.

## Extras

As part of our product offer, we're proud to give you access to member benefits that includes banking discounts, lifestyle offers, special access to reserved seating allocations for world class live events and more. There's something in it for everyone including offers from leading brands, as well as travel offers and savings on health insurance. Just log in to **mlc.com.au** for more details.

## In the event of your death

Your account balance, including any insurance payment, can be paid to your beneficiaries or estate in the event of your death. Please let us know who you want to receive your account balance, otherwise we'll decide.

We recommend you speak with your financial or legal adviser for more information on estate planning.

# 4 Risks of super

Before you do any investing, there are some things you need to consider, including the level of risk you are prepared to accept. Factors that will affect your decision include:

- your investment goals
- the savings you'll need to reach your goals
- your age and how many years you have to invest
- the return you may expect from your investments, including investments outside of super, and
- how comfortable you are with investment risk.

## Investment risk

Even the simplest investment comes with a level of risk. Different investment strategies have different levels of risk depending on the assets that make up the strategy.

While the idea of investment risk can be confronting, it's a normal part of investing. Without it you may not get the returns you need to reach your financial goals. This is known as the risk/return trade-off.

When considering your investment, it's important to understand that:

- its value, and returns, will vary over time
- investments that potentially have higher long-term returns usually have higher levels of short-term risk
- returns aren't guaranteed and you may lose some of your money
- previous returns shouldn't be used to predict future returns, and
- your final super balance may not adequately provide for your retirement.

More detailed information about the risks of investing can be found in the Investment Menu. Go to **mlc.com.au/pds/mkbs**. The material relating to risks set out in the Investment Menu may change between the time when you read this Statement and the day when you acquire the product.

## Accessing the money you put into super

Because super is for your retirement, the law is strict about how and when you can access your money. To find out more go to **moneysmart.gov.au**

## Legislative change

Just as the Government makes rules, it can also change them. International law changes can also impact on your super. Your Plan adviser can help you respond to any changes to laws.

# 5 How we invest your money

We make sophisticated investing easy so you can get your investment plan into action right away. If you don't make a choice, your super money will go into our default option, MySuper, which is managed by JANA, one of Australia's most highly regarded investment consultants. You'll find details of this investment option in your **Welcome Kit.**

You can also choose from a range of options shown in the **Investment Menu.** You can switch between these options at any time. To switch, log in to your account online or complete the Switch and investment strategy form available on **mlc.com.au**

**You should consider the likely return, risk and investment timeframe when choosing an investment option.**

We may change the benchmark asset allocation in each investment option, add new or remove investment options at any stage. Up-to-date information is available on **mlc.com.au**

## MySuper

**Investment objective:**

To outperform inflation, measured by the Consumer Price Index, by 3% pa after investment fees and taxes, over any 10 year period.

**The Portfolio may be suited to you if:**

- you want long-term capital growth, and
- you understand and accept there can be moderate to high fluctuations in the value of your investment.

**Estimated number of negative annual returns:**

Medium to high, between 3 and 4 years in 20

**Minimum suggested time to invest:**

6 years

**Benchmark asset allocation:**

| | |
|---|---|
| Cash | 5% |
| Australian fixed income | 11% |
| Global fixed income | 7% |
| Alternatives and other | 7% |
| **Total defensive assets** | **30%** |
| Australian shares | 28% |
| Global shares (hedged) | 8% |
| Global shares (unhedged) | 17% |
| Property | 5% |
| Global private assets (hedged) | 5% |
| Alternatives and other | 7% |
| **Total growth assets** | **70%** |

**We may adjust the asset allocation within these ranges:**

| | |
|---|---|
| Defensive assets | 15–45% |
| Growth assets | 55–85% |

You should read the important information about each of the investment options and the investment approach, including ethical investing and the Standard Risk Measure in the **Investment Menu** before making a decision. Go to **mlc.com.au/pds/mkbs**

The material relating to the **Investment Menu** may change between the time when you read this Statement and the day when you acquire the product.

# 6 Fees and costs

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

Your employer may be able to negotiate to pay lower administration fees. Ask us or your Plan adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (**moneysmart.gov.au**) has a superannuation fee calculator to help you check out different fee options.

| Type of fee | Amount | | How and when paid |
|---|---|---|---|
| | **MySuper** | **Other investment options** | |
| **Indicative investment fee** | 0.47% pa (estimated). | Range from 0.25% pa to 7.05% pa (estimated). | • Reflected in the daily unit price for each investment option.<br>• The Indicative investment fee for MySuper includes a fixed Investment fee plus an estimated performance fee of 0.01% pa, which may differ from the actual performance fee. For other investment options the fee varies daily as investment costs change and may also include an estimated performance fee. No maximum.<br>• The amount you pay for a specific investment option, including the estimated performance fee if applicable, is shown in the **Investment Menu**. |
| **Administration fee** | This has two parts:<br>• Up to 0.50% pa of your account balance, based on the size of your employer's Plan<br><br>plus<br>• a fixed fee of up to $1.50 per week (or up to $2.00 per week for MLC MasterKey Personal Super). If you have a balance held in MySuper, this fee will be deducted from that balance. Otherwise, this fee will only apply to you if your account balance is less than $50,000. | This has two parts:<br>• Up to 1.05% pa of your account balance, based on the size of your employer's Plan or your MLC MasterKey Personal Super account | • The actual Administration fee that applies to your account is included in your **Welcome Kit**.<br>• The Administration fee is deducted monthly from your account.<br>• The percentage fee for the previous month is determined using your account balance at the date the fee is calculated.<br>• There's no maximum Administration fee on your balance held in MySuper. However, if the Administration fee on your balance in MySuper is more than $3,500 pa, the Administration fee on your balance held in other investment options is nil. If the Administration fee on your balance in MySuper is less than $3,500 pa, the Administration fee on your balance held in other investment options is capped so that your total Administration fee does not exceed $3,500 pa. |
| **Buy-sell spread** | 0.05%/0.05% | Ranges from Nil/Nil to 0.30%/0.30%. | • Reflected in the buy and sell unit price of each investment option. |
| **Switching fee** | Nil | | • There is no Switching fee. |
| **Exit fee** | $75 | | • Deducted from your balance when you make a full or partial withdrawal.<br>• Not currently charged when:<br>– a Death, Terminal Illness, Total and Permanent Disablement, or Financial Hardship payment is made,<br>– a payment is made on compassionate grounds, or<br>– your full or partial withdrawal is transferred to another account in the MLC Super Fund. |
| **Advice fees** | Nil | | • There are no Advice fees charged by us. However, if you wish, you can have amounts deducted from your account to pay fees to your financial adviser. |
| **Other fees and costs:** For details of other fees and costs that may apply, please refer to page 5 | | | |
| **Estimated indirect cost ratio**[1] | 0.08% pa | Ranges from Nil to 0.56% pa. | • Reflected in the daily unit price for each investment option and may vary daily as costs change. |

1 The estimated indirect cost ratio is calculated based on information available as at 31 March 2016.

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Other fees, such as activity fees, advice fees for personal advice and insurance fees, may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you.

Taxes, insurance fees and other costs relating to insurance are set out in another part of this PDS.

You should read all the information about fees and other costs because it is important to understand their impact on your investment.

All fees are shown inclusive of GST and net of Reduced Input Tax Credits (where applicable).

You should read the definitions of fees in the **Fee Definitions Flyer** and the information about investment costs in the **Investment Menu** before making a decision. Go to **mlc.com.au/pds/mkbs**

The material relating to investment fees in the **Investment Menu** may change between the time when you read this Statement and the day when you acquire the product.

## Example of annual fees and costs for MySuper

This table gives an example of how the fees and costs for the MySuper investment option for this super product can affect your super investment over a 1 year period. You should use this table to compare this super product with other super products.

| Example - MySuper | | | Balance of $50,000 |
|---|---|---|---|
| Indicative investment fee | 0.47% x $50,000 | $235 | For every $50,000 you have in MySuper, you'll be charged $235 each year. |
| **Plus** Administration fee | 0.50% x $50,000 | $250 | **And**, you'll be charged $328 in Administration fees. |
| | + $1.50 x 52 | $78 | |
| **Plus** Indirect costs | 0.08% x $50,000 | $40 | **And**, indirect costs of $40 each year will be deducted from your investment. |
| **Equals** Cost of product | | $603 | **If your balance was $50,000, then for that year you would be charged fees of $603 for MySuper.** |

Additional fees may apply. **And**, if you leave the Fund early or make a partial withdrawal, you may also be charged an **exit fee** of $75.

This calculation uses the maximum Administration fee that could apply.

## Additional explanation of fees and costs

### Taxes and tax benefit

A tax benefit may apply to fees charged to your super account. All fees in the fee table on page 4 are before the tax benefit. We charge the fees shown and then pass the tax benefit back to your super account as a credit, which effectively reduces the fees shown by up to 15% pa. For further information on taxes see Section 7.

### Fee rebates and refunds

#### Large Plan Rebate

In some cases, a large plan rebate may apply. The actual fees that apply to your account are included in your **Welcome Kit**.

#### Investment manager fee rebate

Some investment managers provide a rebate on their investment management fee, which we pass entirely back to your account.

The Indicative investment fees on page 4 and in the **Investment Menu** are shown after allowing for this rebate.

### Fee incurred when investing

#### Performance fee

An investment manager may charge a performance fee when its investment returns exceed a specified level.

Where any of the investment managers of a multi-manager portfolio charge a performance fee, a fee which is proportional to the assets held with that investment manager will be charged. These proportional fees are added together to give one performance fee for the multi-manager portfolio. Where applicable, an estimate of this fee is included in the investment fees shown in the **Investment Menu.**

The actual performance fee charged in future periods may differ from the estimated fee.

You can get more information on how performance fees are calculated by going to the other investment managers' Product Disclosure Statements available on **mlc.com.au**

#### Indirect costs

When investing your money, we may incur costs and expenses that won't be charged to you as a fee but will reduce the net return of the investment option. These indirect costs are reflected in the daily unit price and any reporting on the performance of the investment option. Indirect costs are not paid to us.

### Other fees

#### Insurance costs

These will apply if you have insurance as described in the **Insurance Guide**. For further information on insurance see Section 8.

#### Adviser service fee

If you receive financial advice, you can authorise for the cost of the services provided in relation to MLC MasterKey Business Super to be deducted from your account and paid to your financial adviser. You can amend or cancel your Adviser Service Fee at any time but this may impact upon the ongoing services provided by your financial adviser. This fee will be in addition to the other fees described in this Product Disclosure Statement. Any arrangement you have with your financial adviser, including fee arrangements, should be detailed in the Statement of Advice provided by them. We reserve the right to reject or terminate Adviser Service Fee arrangement.

#### Other adviser remuneration

Your financial adviser does not receive commission for this product. Your financial adviser may receive alternative forms of remuneration, such as conferences and professional development seminars that have a genuine education or training purpose. Advisers may also receive payments from us to provide financial services to employers and members. These are paid from the Administration fee and are not an additional cost to you.

#### Government levies

The Government applies levies to super funds, which can vary in different years. To cover these, we may deduct amounts from your account at different times each year. These will be shown on your **Annual Statement**.

### Family Law fee

The Family Law Act enables investments to be divided between parties in the event of a breakdown in a marriage or a de facto relationship. We may be legally compelled to provide information to other parties in accordance with this legislation. We may charge a fee for this service.

### Fees paid to NAB group companies

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 and are included in all the fees detailed in this document.

### Other fees we may charge

Fees may be charged if you request a service not currently offered. We'll agree any additional fee with you before providing the service. We may charge members, or the Fund generally, with actual or estimated costs of running the Fund. These may include costs resulting from Government legislation or fees that are charged by third parties. If the actual costs are less than estimated costs we have deducted from your account, the difference may be retained in the Fund and used for the general benefit of members.

### Varying fees

We may vary our fees, costs or fee discounts but we'll give you 30 days notice of any increase. The only exception is for investment fees, which vary daily with investment costs, and Government taxes and charges. Investment managers may vary their investment fees as set out in their PDS available on **mlc.com.au/forms_and_brochures**

### Operational Risk Financial Requirement (Reserve)

The Government requires super funds to keep a financial reserve to cover any losses that members incur due to a breakdown in operations. The Reserve has been established in full by the National Australia Bank. We may require members to contribute to the Reserve in the future. If we do, we'll notify you in advance of any deductions.

## MLC MasterKey Personal Super administration fee

If you leave your employer the balance of your account may be transferred to MLC MasterKey Personal Super. The fees, costs and rebates will vary from those you pay with MLC MasterKey Business Super, and are generally higher.

When your account is transferred to MLC MasterKey Personal Super, your Administration fee will change to the fee rates shown below:

| Total account balance | Amount for MySuper | Amount for other investment options |
|---|---|---|
| First $49,999.99 | 0.50% pa. | 1.05% pa |
| Next $50,000 | 0.50% pa. | 0.65% pa |
| Next $100,000 | 0.50% pa. | 0.40% pa |
| Remaining balance over $199,999.99 | 0.50% pa. | 0.25% pa |

- If your entire balance is held outside MySuper, your fixed Administration fee will change to $2 per week if your account balance is below $50,000 when the fee is deducted. We'll waive the fixed Administration fee if your account balance is above $50,000.
- If you hold any of your balance in MySuper, your fixed Administration fee will remain $1.50 per week, regardless of your account balance.

# 7 How super is taxed

This section isn't a comprehensive and complete tax guide and is based on the laws as at June 2016. Tax laws change. To keep up to date, please visit **ato.gov.au**. This is general information, and we recommend you seek advice from a registered tax agent to determine your personal tax obligations. We are not a registered tax agent.

| Tax treatments in your account | | Tax treatments on payments to you |
|---|---|---|
| **Contributions** | **Investment earnings** | **Lump sum withdrawals** |
| • Concessional contributions, such as employer and salary sacrifice contributions are usually taxed at a rate of 15%. Generally, if your combined income and concessional contributions exceed $300,000 in an income year, an additional 15% tax will apply to your concessional contributions. If your income excluding your concessional contributions is less than $300,000, the additional 15% tax will only apply to your concessional contributions which place you in excess of the $300,000 threshold. This tax applies to you personally.<br>• Any extra contributions provided by your employer are treated as super contributions for tax purposes and count towards your concessional contribution limit.<br>• Taxes charged within the Fund are deducted from your account as and when required or when you leave the Fund.<br>• Personal contributions, such as contributions made by you or your spouse for which no personal income tax deduction will be claimed, are not taxed.<br>**Contributions made to your account will count towards your contribution limits. Additional tax and charges may be payable if you exceed these limits. Go to ato.gov.au** | Taxed at a rate of up to 15%.<br>Tax paid or payable on investment earnings is reflected in the daily unit price for each investment option. | **Tax-free component:**<br>Nil.<br>**Taxable component:**<br>• If under the preservation age, tax of up to 22% (including Medicare Levy at 2%).<br>• If aged between the preservation age and age 59, tax-free on first $195,000 (this is a lifetime limit which may be increased periodically). Tax is then paid on the remainder up to 17% (including Medicare Levy at 2%).<br>• From age 60, tax-free.<br>Other taxes and Government levies may apply from time to time.<br>If applicable, we'll deduct the tax from your account before paying the lump sum. |

Preservation age is 55 for those born before 1 July 1960 and will gradually increase to 60 depending on your date of birth. To find out your preservation age, go to **ato.gov.au**

A different tax treatment applies to superannuation death benefits paid to your beneficiaries or deceased estate. Go to **ato.gov.au**

**Your employer will generally provide your tax file number (TFN) on your behalf, but if they don't, or if you are applying as an eligible family member, you should provide it to us. If we don't have it, we will only be able to accept employer contributions and these may be taxed at the highest marginal tax rate plus the Medicare Levy, rather than at the usual tax rate of 15%. We may also have to deduct higher tax than we would otherwise have to when you start drawing down your superannuation benefits. You may also miss out on government co-contributions as a result. We will verify your TFN with the ATO. For more information visit ato.gov.au**

# 8 Insurance in your super

We believe all Australians should be able to protect their family and their future. That's why we've made sure you can have insurance with your super. When you join the Plan you will automatically be given default insurance, subject to certain conditions. This will either be insurance we've selected, or insurance your employer has selected for you. You won't have to fill out any forms as your employer will provide information to us. You can apply for a higher amount or different type of insurance by completing the short form insurance application available on **mlc.com.au**. Or you can reduce or cancel your insurance at any time by contacting us.

For more information on insurance please refer to the Insurance Guide at **mlc.com.au/pds/mkbs**

## Insurance selected for you

Your employer may have selected an insurance package for your Plan. This can include, Death and Total and Permanent Disablement (TPD) insurance, and Income Protection (IP) insurance.

If your employer hasn't selected insurance for your Plan, or doesn't provide the information we need to set up your insurance we'll provide you with MLC Lifestage insurance. It provides a combination of Death and TPD insurance designed to cater to your needs through different life stages. You'll have more insurance when you're younger, when you're most likely to have a high mortgage or children at home, and lower insurance when you're older and most likely to be financially secure.

MLC Lifestage sums insured are increased each year on 1 July, by Average Weekly Ordinary Time Earnings (AWOTE). The latest MLC Lifestage sum insured amounts and standard premiums are available on **mlc.com.au/mkbs/insurancerates**

We'll adjust your level of insurance each year on your birthday and each year we'll confirm your level of insurance and premiums paid on your **Annual statement**.

Details about the insurance selected for you is included in your **Welcome Kit**.

## Insurance you select

Everybody has different needs and insurance is no exception.

The insurance that's right for you depends on things like your family and financial commitments, income and lifestyle. You can apply for a different level or type of insurance, or cancel it at any time.

| Insurance type | You can apply for up to |
|---|---|
| **Death** | Unlimited |
| **Death and TPD** | Unlimited Death Insurance, including up to a maximum $5 million of TPD insurance |
| **Income Protection (IP)** | Generally up to 75% of your Monthly Income up to a maximum benefit of $50,000 per month |

The maximum insurance you can apply for includes any existing policies you have and the insurance provided through your account in the Fund.

You can apply to increase your insurance by logging into your account online, or by completing the Short form insurance application available on **mlc.com.au**

## Bringing your insurance together

If you're like many Australians, you've probably got a few super accounts and may have insurance through these as well. You can apply to bring your other insurance together with the insurance you have with us.

## Making sure you're eligible

When we provide you with insurance, we assume you're eligible for it. So, we'll automatically deduct premiums from your account unless you tell us you're not eligible.

## When won't a benefit be paid?

If you're not At Work on the day you joined the Plan or you're not At Work on the day product enhancements are launched that increase your cover, you won't be covered for Pre-existing Conditions. This exclusion will be removed when you've returned to your normal work duties for 60 consecutive working days.

Your employer needs to tell us the insurance you're eligible for within 130 days of you starting work, or become eligible, whichever is the later. If they don't, you won't be covered for Pre-existing Conditions. This exclusion will be removed when you've worked continuously for more than 24 months.

If before the most recent date you became Insured you have ever been paid, or are entitled to be paid, a TPD or Terminal Illness benefit from us, another superannuation fund or insurer. Pre-existing Conditions are excluded for as long as you are covered through this product.

For IP insurance, benefits won't be paid to you for a disability due to an intentional, self-inflicted injury or attempted suicide, normal and uncomplicated pregnancy or childbirth, or your involvement in war (whether declared or not) or any act of war.

If you select Death or TPD insurance yourself, a benefit won't be paid if within 24 months of starting, restarting or increasing your insurance, you:

- commit suicide, or
- are disabled as a result of intentional, self-inflicted injury.

If you are increasing your Death or TPD insurance, this only applies to the increase.

## When will your benefits be reduced?

Your IP benefits will be reduced by income you're entitled to from other sources.

## Premiums

There are costs associated with insurance. Unless you cancel your insurance, premiums will be deducted from your account.

Every year we'll confirm your level of insurance and your premiums paid on your **Annual statement**. We calculate premiums based on the type and amount of insurance you have, and circumstances like your age, gender, occupation, medical history, and lifestyle and leisure activities.

Your insurance premium will be deducted from your account.

Your premium and insurance rate table that applies to you is included in your **Welcome Kit**.

## Insurance for family members

Members of your family who join your employer's Plan may also apply for Death, TPD and Income Protection insurance.

The terms of their insurance will be the same as for 'Insurance you select yourself' outlined in the **Insurance Guide**.

Before making a decision about whether the insurance is appropriate for you, you should read the important information about insurance, including details about eligibility, cancellation, conditions and exclusions in the **Insurance Guide**. These matters may affect your entitlement to insurance cover. Go to mlc.com.au/pds/**mkbs**

The material relating to insurance may change between the time when you read this Statement and the day when you acquire the product.

# 9 How to open an account

Your employer has opened your account for you. Members of your family can also join and take advantage of the features of your Plan. Eligible family members include your spouse, de facto spouse, parents, brothers, sisters and children. Further information is available on **mlc.com.au**

As a member of MLC MasterKey Business Super or MLC MasterKey Personal Super you are bound by the Trust Deed for the MLC Super Fund and this forms the contract between you and the Trustee. Unless told otherwise, we will assume that you're eligible to contribute or have contributions made on your behalf to the MLC Super Fund.

If we don't receive any contributions from you or your employer within the first 130 days of joining, we'll close your account and cancel any insurance.

Any contributions we can't process will be held in an interest bearing trust account for up to 30 days. If during this time we accept your contribution, any interest earned will be allocated to the Fund's investment pool for the general benefit of all members. If we can't get the information we need, we'll return the money and any interest earned will be kept by us.

## Want to change your mind?

If you join the Fund as an eligible family member, you can mail, fax or email us to close your account within 14 days of opening it.

We may be restricted by law from retuning your money directly to you, in which case we'll need to transfer the amount to another super fund nominated by you. To find out more go to **moneysmart.gov.au** or **ato.gov.au**

Your account balance will be adjusted for any:

- increase or decrease in the value of your investment
- lump-sum payments made to you
- any insurance premium paid
- tax payable, and
- administration costs incurred in establishing or closing your account.

This cooling-off period doesn't apply if you join the Fund as an employee member or if you transact on your account within 14 days.

# 10 Other information

## Keeping you informed

Each year, we'll provide you with the following information so you can stay informed about MLC MasterKey Business Super, your investment options and insurance and any changes that may arise:

- A statement of your account with a summary of all your transactions and investment details for the financial year
- An annual report which provides an overview of the market and industry activity which may affect your investment
- Information in relation to any material changes to MLC MasterKey Business Super that may impact your investment and insurance, and
- Confirmation of non-routine transactions you make on your account.

We may provide this information to you by mail, email or by making the information available on **mlc.com.au**

We will let you know when information about your account has been made available online. If you prefer to receive updates about your account by mail, please let us know.

Information in relation to changes that are not materially adverse will be made available on **mlc.com.au** but you may not be directly notified of these updates. You may, however, obtain a paper copy of these change communications on request free of charge.

## Privacy Information

We collect your personal information from you directly wherever we can, but in some cases we may collect it from third parties such as your adviser, employer, or doctor in the case of a claim. We do this to determine your eligibility and to administer the product. If personal information is not provided, we may not be able to provide you the product or a service, or administer it appropriately. Government regulations require some information to be collected, including: company; anti-money laundering; superannuation and tax laws.

We may disclose your personal information to other NAB Group companies, and to external parties for purposes that include: account management, product development and research. For more information refer to **mlc.com.au/privacy**. We may also need to share your information with organisations outside Australia — a list of those countries is at **nab.com.au/privacy/overseas--countries-list**

We and other NAB Group companies may use your personal information to contact you about products and for marketing activities. You can let us know at any time if you no longer wish to receive these direct marketing offers by contacting us.

More information about how we collect, use, share and handle your personal information is in our Privacy Policy (**mlc.com.au/privacy**), including how to access or correct information we collect about you and how to make a complaint about a privacy issue. Contact us for a paper copy or if you have any questions or comments.

## Anti-Money Laundering

We're required to comply with our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and as such we may need to collect information from you, anyone acting on your behalf or your related parties. All documents need to be a dated, original certified copy of original document(s) and sent within 12 months of certification (not faxed or scanned copies).

## Temporary residents

If you're a temporary resident 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 becoming eligible, we may be required to transfer your superannuation to the ATO. In these circumstances, we're not required to notify you and you'll need to contact the ATO directly to claim your superannuation.

## Resolving complaints

We can usually resolve complaints over the phone on **132 652**. If we can't resolve your complaint or you're not satisfied with the outcome, please write to us at PO Box 200 North Sydney NSW 2059. We'll work to resolve your complaint as soon as possible. More information is available at **mlc.com.au/complaint**

If you're not satisfied with our decision you can refer your complaint to the Superannuation Complaints Tribunal by calling **1300 884 114** or emailing **info@sct.gov.au** More information is available at **sct.gov.au**

### Contact us

For more information visit **mlc.com.au** or call us from anywhere in Australia on **132 652** or contact your financial adviser.

**Postal address**
PO Box 200
North Sydney NSW 2059

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

**a NAB company**

NULIS Nominees (Australia) Limited ABN 80 008 515 633 AFSL 236465. Part of the National Australia Bank Group of Companies. An investment with NULIS Nominees (Australia) Limited is not a deposit or liability of, and is not guaranteed by, NAB. A124263-0516

# MLC MasterKey Business Super

## Fee Definitions Flyer

**The information in this document forms part of the MLC MasterKey Business Super Product Disclosure Statement (PDS), dated 1 July 2016.**

**Together with the Investment Menu and Insurance Guide, these documents should be considered before making a final decision to invest.**

**They are available at mlc.com.au/pds/mkbs**

This flyer defines the fees shown in the Fees and Costs Section of the **PDS.** We're required by law to provide these to you.

### Contact us

For more information visit **mlc.com.au** or call us from anywhere in Australia on **132 652** or contact your financial adviser.

**Postal address**
PO Box 200
North Sydney NSW 2059

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

### Defined fees

**Activity fees** A fee is an activity fee if:

a. the fee relates to costs incurred by the Trustee that are directly related to an activity of the Trustee:
   i. that is engaged in at the request, or with the consent, of a member; or
   ii. that relates to a member and is required by law; and
b. those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

**Administration fees** An administration fee is a fee that relates to the administration or operation of the Fund and includes costs incurred by the Trustee that:

a. relate to the administration or operation of the Fund; and
b. are not otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

**Advice fees** A fee is an advice fee if:

a. the fee relates directly to costs incurred by the Trustee because of the provision of financial product advice to a member by:
   i. the Trustee; or
   ii. another person acting as an employee of, or under an arrangement with, the Trustee; and
b. those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

**Buy-sell spreads** A buy-sell spread is a fee to recover transaction costs incurred by Investment Managers in relation to the sale and purchase of assets of the investment options.

**Exit fees** An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the Fund.

**Indirect cost ratio** The indirect cost ratio (ICR) is the ratio of the total of the indirect costs for the investment option to the total average net assets of the Fund attributed to the investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

**Insurance fee** A fee is an insurance fee if:

a. the fee relates directly to either or both of the following:
   i. insurance premiums paid by the Trustee in relation to a member or members of the Fund;
   ii. costs incurred by the Trustee in relation to the provision of insurance for a member or members of the Fund; and
b. the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
c. the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee.

**Investment fees** An investment fee is a fee that relates to the investment of the assets of the Fund and includes:

a. fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
b. costs incurred by the Trustee that:
   i. relate to the investment of assets of the Fund; and
   ii. are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

**Switching fees** A switching fee is a fee to recover the costs of switching all or part of a member's interest in the Fund from one class of beneficial interest to another.

**Preparation date**
1 July 2016

**Issued by The Trustee**
NULIS Nominees (Australia) Limited
**ABN** 80 008 515 633 **AFSL** 236465

**The Insurer**
Insurance is issued by MLC Limited
**ABN** 90 000 000 402 **AFSL** 230694

**The Fund**
MLC Super Fund
**ABN** 70 732 426 024

# MLC MasterKey Business Super

## Investment Menu

**Preparation date**
10 October 2016

**Issued by The Trustee**
NULIS Nominees (Australia) Limited

**ABN** 80 008 515 633
**AFSL** 236465

**The Fund**
MLC Super Fund
**ABN** 70 732 426 024

**This menu gives you information about the investments available through MLC MasterKey Business Super.**

***A financial adviser can help you decide which investment option is right for you.***

# Contents



The information in this document forms part of the **MasterKey Business Super, Product Disclosure Statement (PDS)**, dated 1 July 2016. Together with the **Fee Definitions Flyer** and **Insurance Guide**, these documents should be considered before making a final decision to invest. They are available at **mlc.com.au/pds/mkbs**

For more information please contact us, speak with your Plan adviser or go to the online copy of this document on **mlc.com.au/pds/mkbs**

References to **mlc.com.au** in the online copy of this document link directly to the additional information available.

Each investment manager referred to in this Investment Menu has given its written consent to being named and quoted in the PDS and Investment Menu, and to the inclusion of statements made by it. As at the date of the Investment Menu, these consents have not been withdrawn.

# Investing with MLC

With 125 years of experience in looking after Australia's financial needs, you know you're with one of Australia's most trusted and awarded managers.

You and your adviser can choose from a diverse range of super, investment and insurance solutions to help grow and protect your wealth.

As your needs will change with time, we'll continually enhance our products and services so you can get the best out of your experience with us.

The MLC group of companies is the wealth management division of National Australia Bank (NAB). The wealth management division of NAB manages $191 billion (as at 31 March 2016) on behalf of individual and corporate investors in Australia and is the wealth management division of the National Australia Bank.

We provide super, investment and insurance solutions and work closely with you and your financial adviser to help grow and protect your wealth.

## Investing with us

We use experts in putting together portfolios for people.

Our portfolios have different investment objectives because we know everyone has different ideas about how their money should be managed.

Our portfolios make sophisticated investing straightforward and are structured to deliver more reliable returns in many potential market environments.

And, as our assessment of world markets changes, we evolve our portfolios to manage new risks and capture new opportunities.

We use specialist investment managers in our portfolios. We have the experience and resources to find some of the best managers from around the world. Our investment managers may be specialist in-house managers, external managers or a combination of both.

Importantly, we stay true to the objectives of our portfolios, so you can keep on track to meeting your goals.

## Selecting investment options

The Investment Menu is regularly reviewed by a committee of experienced investment professionals.

A number of factors are taken into consideration when choosing the investment options for the Investment Menu. These may include the investment objective, fees, external research ratings and the performance of the investment options and our ability to efficiently administer the investment option. The selection of investment options issued by companies either wholly or partially owned by NAB is done on an arm's-length basis in line with the Trustee's Conflict Of Interest Policy.

### The Fund Profile Tool

This easy to use, interactive tool will give you greater insight into how your money is managed including where your money is invested, how your investments are performing and the investment fees and costs charged.

For the latest information on our portfolios go to **mlc.com.au/fundprofiletool**

# Things to consider before you invest

Even the simplest of investments comes with a level of risk.

While the idea of investment risk can be confronting, it's a normal part of investing. Without it, you may not get the returns you need to reach your financial goals. This is known as the risk/return trade-off.

Many factors influence an investment's value. These include, but aren't limited to:

- market sentiment
- changes in inflation
- growth and contraction in Australian and overseas economies
- changes in interest rates
- defaults on loans
- company specific issues
- liquidity (the ability to buy or sell investments when you want to)
- changes in the value of the Australian dollar, and
- changes in Australian laws and those of overseas jurisdictions.

## Volatility

The value of an investment with a higher level of risk will tend to rise and fall more often and by greater amounts than investments with lower levels of risk, that is, it is more volatile.

However investments that produce higher returns and have growth in value over long periods tend to be more volatile in the short term.

By accepting that volatility will occur, you'll be able to manage your expectations and resist reacting to these short-term movements.

This will help you stay true to your investment strategy, and keep on track to achieve your long-term goals.

## Diversify to reduce volatility and other risks

Diversification – investing in a range of investments – is a sound way to reduce short-term volatility and help smooth a portfolio's returns. That's because different types of investments perform well in different times and circumstances. When some are providing good returns, others may not be.

You can diversify across different asset classes, industries and countries as well as across investment managers with different approaches.

The more you diversify, the less impact any one investment can have on your overall returns.

One of the most effective ways of reducing volatility is to diversify across a range of asset classes.

Diversification across asset classes is just one way of managing risk. At MLC, our multi-asset portfolios diversify across asset classes and investment managers. Please read more about our investment approach on page 13.

A financial adviser can help you clarify goals, assist with creating a financial plan which helps you manage risk and consider issues such as:

- how many years you have to invest
- the savings you'll need to reach your goals
- the return you may expect from your investments, and
- how comfortable you are with volatility.

# Things to consider before you invest

## Types of assets

Asset classes are generally grouped as defensive, growth or alternatives (which can be both defensive and growth) because of their different characteristics.

Multi-asset portfolios include defensive, growth and alternative assets because they generally perform differently. For example, defensive assets may be in a portfolio to provide returns when share markets are weak. And growth assets may be included because of their potential to produce higher returns than cash in the long term. However, all types of assets may deliver low or negative returns in some market conditions.

**The main differences between these types of assets are:**

| | Defensive | Growth | Alternatives |
|---|---|---|---|
| **Assets classes included** | Cash and fixed income securities | Shares and property securities | A very diverse group of assets and strategies. Some examples include private assets and hedge funds. Because alternatives are diverse, they may be included in defensive or growth assets |
| **How they are generally used** | To stabilise returns | To provide long-term capital growth and income | To provide returns that aren't strongly linked with those of mainstream assets. They may be included to stabilise returns or to provide long-term capital growth |
| **Risk and return characteristics** | Expected to produce lower returns, and be less volatile, than growth assets over the long term | Expected to produce higher returns, and be more volatile, than defensive assets over the long term | Expected to produce returns and volatility that aren't strongly linked to mainstream assets such as shares |

## Asset classes

Asset classes are groups of similar types of investments. Each class has its risks and benefits, and goes through its own market cycle.

A market cycle can take a couple of years or many years as prices rise, peak, fall and then bottom out. Through investing for the long term, at least through a whole market cycle, you can improve your chance of benefiting from a period of strong returns and growth to potentially offset periods of weakness.

Market cycles are different every time so you need to be prepared for all sorts of return outcomes when investing.

Here are the main asset class risks and benefits.

### Cash

Cash is generally a low risk investment.

Things to consider:

- Cash is often included in a portfolio to meet liquidity needs and to stabilise returns.
- The return is typically interest which may also be referred to as yield.
- Cash is usually the least volatile type of investment. It also tends to have the lowest return over a market cycle.
- The market value tends not to change. However, when you invest in cash, you're effectively lending money to businesses or governments that could default on the loans, resulting in a loss on your investment.
- Many cash funds invest in fixed income securities that have a very short term until maturity.

### Fixed income (including Term Deposits)

When investing in fixed income, you're effectively lending money to businesses or governments. Bonds are a common form of fixed income securities.

Things to consider:

- Fixed income securities are usually included in a portfolio for their relatively stable return characteristics.
- Returns typically comprise interest income and changes in the market value of the security. Interest rates and values tend to move in opposite

directions. Therefore when interest rates rise, market values can fall and when interest rates fall, market values can rise.

- While income from fixed income securities usually stabilises returns, falls in their market value may result in a loss on your investment. Market values may fall due to factors such as an increase in rates or concern about defaults on loans.
- There are different types of fixed income securities and these will have different returns and volatility.
- Fixed income securities denominated in foreign currencies will be exposed to movements in exchange rates.

## Property securities

Investing in property securities gives your portfolio exposure to listed property securities in Australia and around the world. These are referred to as Real Estate Investment Trusts (REITs).

Things to consider:

- Property securities are usually included in a portfolio for their growth characteristics.
- Returns typically comprise distribution income and changes in REIT values.
- Returns are driven by many factors including the economic environment in various countries.
- Property securities can be volatile.
- Investing outside Australia means you're exposed to movements in exchange rates.
- Australian property securities are dominated by only a few REITs and provide limited diversification.

## Australian shares

This asset class consists of investments in companies listed on the Australian Securities Exchange (and other regulated exchanges). Shares are also known as equities.

Things to consider:

- Australian shares can be volatile and are usually included in a portfolio for their growth characteristics.
- The Australian share market is less diversified than the global market because it is dominated by a few industries such as Financials and Resources.
- Returns usually comprise dividend income and changes in share prices.
- Dividends may have tax credits attached to them (known as franking or imputation credits).
- Returns are driven by many factors including the performance of the Australian economy.

## Global shares

Global shares consist of investments in companies listed on securities exchanges around the world.

Things to consider:

- Global shares can be volatile and are usually included in a portfolio for their growth characteristics.
- The number of potential investments is far greater than in Australian shares.
- Returns usually comprise dividend income and changes in share prices.
- Returns are driven by many factors including the economic environment in various countries.
- When you invest globally, you're less exposed to the risks associated with investing in just one economy.
- Investing outside Australia means you're exposed to movements in exchange rates.

## Alternatives

These are a very diverse group of assets. Some examples include private assets, hedge funds, real return strategies, infrastructure, and gold.

Things to consider:

- Because alternatives are diverse, they may be included in a portfolio for their defensive or growth characteristics.
- Alternative investments are usually included in portfolios to increase diversification and provide returns that aren't strongly linked with the performance of mainstream assets.
- The investment manager believes that return and diversification benefits of including alternative investments in a portfolio are generally expected to outweigh the higher costs that tend to be associated with them.
- Some alternative strategies are managed to deliver a predetermined outcome. For example, real return strategies aim to produce returns that exceed increases in the costs of living (ie inflation).
- For some alternatives, such as hedge funds, it can be less obvious what assets you're investing in than with other asset classes.
- Some alternative investments are illiquid, which makes them difficult to buy or sell.

# Things to consider before you invest

- To access alternative investments you generally need to invest in a managed fund that, in turn, invests in alternatives.
- Because most alternative investments aren't listed on an exchange, determining their value for a fund's unit price can be difficult and may involve a considerable time lag.
- Alternatives invested outside of Australia may expose your portfolio to movements in exchange rates.

## Private assets

Investing in private assets gives your portfolio exposure to assets that aren't traded on listed exchanges. An example of this is an investment in a privately owned business.

Things to consider:

- Private assets are alternative assets that are usually included in a portfolio for their growth characteristics.
- Returns are driven by many factors including the economic environment in different countries.
- Private assets can be volatile and can take years to earn a positive return.
- Private assets may be included in a portfolio to provide higher returns than share markets in the long run, and to increase diversification.
- Private assets are illiquid which makes them difficult to buy or sell.
- To access private assets you generally need to invest in a managed fund that invests in private assets.
- Because private assets aren't listed on an exchange, determining their value for a fund's unit price can be difficult and may involve a considerable time lag.

## Investment approaches

Investment managers have different approaches to selecting investments. There are generally two broad approaches: passive and active management.

### Passive management

Passive, or index managers, choose investments to form a portfolio which will deliver a return that closely tracks a market benchmark (or index). Passive managers tend to have lower costs because they don't require extensive resources to select investments.

### Active management

Active managers select investments they believe, based on research, will perform better than a market benchmark.

They buy or sell investments when their market outlook alters or their investment insights change.

The degree of active management can vary. More active managers may deliver returns quite different to the benchmark.

Active managers have different investment styles and these affect their returns. Some common investment styles are:

- Bottom-up – focuses on forecasting returns for individual companies, rather than the market as a whole.
- Top-down – focuses on forecasting broad macroeconomic trends and their effect on the market, rather than returns for individual companies.
- Growth – focuses on companies they expect will have strong earnings growth.
- Value – focuses on companies they believe are undervalued (their price doesn't reflect earning potential).
- Core – aims to produce competitive returns in all periods.

## Ethical investing

The Trustee has an Environment, Social and Governance Risk Management Policy (ESG Policy), which applies to the MySuper investment option. The ESG Policy, available at mlc.com.au, outlines the processes in place to assess ESG factors for MySuper, including consideration of ESG factors in our investment decisions; monitoring of investment managers to assess how they identify, evaluate and manage ESG factors within their portfolios on an ongoing basis; and maintaining a research program in relation to ESG themes and trends.

The ESG Policy does not require us to apply any specific methodology in assessing ESG factors, nor does it require any specific factor to be taken into account.

For other MLC investment options, investment managers may take into account labour standards, environmental, social or ethical considerations when making decisions to buy or sell investments. We expect our active investment managers to consider any material effect these factors may have on the returns from their investments, however we don't require them to.

The Trustee does not actively contemplate these factors when selecting an investment option for inclusion on the Investment Menu. However, where an investment option is marketed by the investment manager as a 'socially responsible' investment, the Trustee considers the Lonsec Ethical SRI Classification before offering the option to members.

For investment options not managed by MLC, information about the extent to which the investment managers consider ESG factors can be found in their PDS.

## Investment techniques

Investment managers may use different investment techniques that can change the value of an investment. Some of the main investment techniques are explained below.

### 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.Information on our derivative policy is available on **mlc.com.au/derivatives**

How the other investment managers invest in derivatives is included in their PDS on **mlc.com.au/findafund**

### Currency management

If an investment manager invests in assets in other countries, their returns in Australian dollars will be affected by movements in exchange rates (as well as changes in the value of the assets).

A manager of international assets may choose to protect Australian investors against movements in foreign currency. This is known as 'hedging'. Alternatively, the manager may choose to keep the assets exposed to foreign currency movements, or 'unhedged'.

This exposure to foreign currency can increase diversification in a portfolio.

### Gearing

Gearing can be achieved by using loans (borrowing to invest), or through investing in certain derivatives, such as futures.

Gearing magnifies exposure to potential gains and losses of an investment. As a result, you can expect larger fluctuations (both up and down) in the value of your investment compared to the same investment which is not geared.

Investment managers can take different approaches to gearing. Some change the gearing level to suit different market conditions. Others maintain a target level of gearing.

It's important to understand both the potential risks of gearing, as well as its potential benefits. When asset values are rising by more than the costs of gearing, the returns will generally be higher than if the investment wasn't geared. When asset values are falling, gearing can multiply the capital loss.

If the fall is dramatic there can be even more implications for geared investments. For example, where the lender requires the gearing level to be maintained below a predetermined limit, if asset values fall dramatically, the gearing level may rise above the limit, forcing assets to be sold when values may be continuing to fall.

In turn, this could lead to more assets having to be sold and more losses realised. Withdrawals (and applications) may be suspended in such circumstances, preventing you from accessing your investments at a time when values are continuing to fall.

Although, this is an extreme example, significant market falls have occurred in the past. Recovering from such falls can take many years and the geared investment's unit price may not return to its previous high.

Other circumstances (such as the lender requiring the loan to be repaid for other reasons) may also prevent a geared investment from being managed as planned, leading to losses.

You need to be prepared for all types of environments and understand their impact on your geared investment.

### Short selling

Short selling is used by an investment manager when it has a view that an asset's price will fall. The manager borrows the asset from a lender, usually a broker, and sells it with the intention of buying it back at a lower price. If all goes to plan, a profit is made. The key risk of short selling is that, if the price of the asset increases, the loss could be significant.

# Things to consider before you invest

## Considering an investment option

The information below explains terms used in the fund profiles for each investment option, starting on page 14.

<table>
<tr><th>Terms used in fund profiles</th><th>Explanation</th></tr>
<tr><td>Investment objective</td><td>Describes what the investment option aims to achieve over a certain timeframe. Most investment options aim to produce returns that are comparable to a benchmark (see below for more information on benchmarks). The performance of an investment option should be judged against its objective.</td></tr>
<tr><td>Investment approach</td><td>Describes how the investment option is structured and managed.</td></tr>
<tr><td>The investment option may be suited to you if …</td><td>Suggests why you may be interested in investing in this particular investment option. Your own personal objectives and circumstances will also affect your decision.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>Investment managers suggest minimum time frames for each investment option. Investing for the minimum suggested time or longer improves your chances of achieving a positive return. However, investing for the minimum time doesn't guarantee a positive return outcome. Your personal circumstances should determine how long you hold an investment.</td></tr>
<tr><td>Asset allocation</td><td>Shows the proportion of an investment option that's invested in each asset class. The range shows the minimum and maximum amount that may be held in each asset class at any time.</td></tr>
<tr><td>Benchmark</td><td>Benchmarks are usually market indices that are publicly available. Shares are often benchmarked against a share market index and fixed income against a fixed income market index. Other benchmarks can be based on particular industries (eg mining), company size or the wider market (eg S&P/ASX200 or the MSCI World Index).<br>Benchmarks for multi-asset portfolios may be:<ul><li>made up of a combination of market indices weighted according to the asset allocation (commonly known as composite benchmarks), or</li><li>a single measure, such as inflation. A common index of inflation, which is the rise in the cost of living, is the Consumer Price Index (CPI).</li></ul>When comparing returns to a benchmark you should consider:<ul><li>whether the investment option's return is calculated before or after fees and tax are deducted, and</li><li>the period over which the return should be measured.</li></ul></td></tr>
<tr><td>Estimated number of negative annual returns</td><td>The Trustee uses the Standard Risk Measure (SRM) to help you compare the investment risk across the investment options offered. The SRM is based on industry guidance to allow members to compare investment options based on the number of negative annual returns expected over any 20 year period.<br>The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives or the risk of the investment manager not meeting its investment objective. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.<br>Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.<br>Information on how the SRM is calculated is available on mlc.com.au/srm
<table>
<tr><th>Risk band</th><th>Risk label</th><th>Estimated number of negative returns in any 20 year period</th></tr>
<tr><td>1</td><td>Very low</td><td>Less than 0.5</td></tr>
<tr><td>2</td><td>Low</td><td>0.5 to less than 1</td></tr>
<tr><td>3</td><td>Low to medium</td><td>1 to less than 2</td></tr>
<tr><td>4</td><td>Medium</td><td>2 to less than 3</td></tr>
<tr><td>5</td><td>Medium to high</td><td>3 to less than 4</td></tr>
<tr><td>6</td><td>High</td><td>4 to less than 6</td></tr>
<tr><td>7</td><td>Very high</td><td>6 or greater</td></tr>
</table></td></tr>
<tr><td>Fees and costs</td><td>Shows the fees and costs for investing in each investment option, including investment fees, performance fee (if applicable), buy-sell spreads and indirect costs (if applicable)</td></tr>
</table>

# Investing in MLC portfolios

If you don't make a choice, your money will be invested in MySuper, our default investment option.

We're experts at designing and managing portfolios for investors.

When you're invested in an MLC portfolio, your money is with Australia's most experienced multi-manager.

## MLC multi-asset portfolios

Everyone has different ideas about how their money should be managed, so four sets of multi-asset portfolios have been developed to offer you a range of options:

- MySuper
- MLC Inflation Plus
- MLC Horizon, and
- MLC Index Plus.

These portfolios use our approach to investing described on page 13.

To help you decide which type of portfolio suits you, we've outlined their key features in the table on page 12.

## MLC asset class funds

You may decide to tailor your investment strategy using our asset class funds.

These funds invest in one asset class and suit investors looking for a complete investment solution for that asset class or a particular investment style.

## Cash

We also offer the MLC Cash Fund as a cash option.

# Investing in MLC portfolios

## Key features of the MLC multi-asset portfolios

| | **MySuper** [1] (default investment option) | **MLC Inflation Plus portfolios** | **MLC Horizon portfolios** | **MLC Index Plus portfolios** |
|---|---|---|---|---|
| **Aims to** | • deliver returns above inflation over any 10 year period, and<br>• limit the risk of negative annual returns to less than 4 years in any 20 year period. | • deliver returns above inflation over a defined time frame, and<br>• limit the risk of a negative return over that time frame. | • deliver returns above the portfolios' benchmark, and<br>• reduce risk in the portfolio when market risk is high. | • deliver returns that meet the portfolios' benchmark, and<br>• reduce risk in the portfolio when market risk is high. |
| **Benchmark** | Combination of market indices | Inflation | Combination of market indices | Combination of market indices |
| **May suit you if you ...** | • value active management<br>• want to rely largely on the market for returns, and<br>• want to know the defensive and growth assets will be managed within a defined range. | • value active management<br>• want to rely on us to deliver returns above inflation, rather than just relying on the market, and<br>• expect the asset allocation to change significantly over time in order to manage risk and achieve returns. | • value active management<br>• want to rely largely on the market for returns, and<br>• want to know the defensive and growth assets will be managed within a defined range. | • prefer passive investing<br>• want to rely on the market for returns, and<br>• want to know the defensive and growth assets will be managed within a defined range. |
| **How your portfolio is managed** | • diversified across mainstream asset classes, with some exposure to private and alternative assets and strategies<br>• asset allocation managed within defined ranges, and<br>• combines active and passive managers. | • broadly diversified across many asset classes, including private and alternative assets and strategies<br>• flexible asset allocation, and<br>• mostly active managers. | • diversified across mainstream asset classes, with some exposure to private and alternative assets and strategies<br>• asset allocation managed within defined ranges, and<br>• mostly active managers. | • diversified across mostly mainstream asset classes<br>• asset allocation managed within defined ranges, and<br>• mostly passive managers for growth assets and active managers for defensive assets. |
| **More details** | Page 14 | Pages 15 to 18 | Pages 19 to 32 | Pages 33 to 38 |

1 The MySuper investment option is managed by MLC with investment advice from JANA. JANA is one of Australia's leading investment consulting businesses for large corporate superannuation funds and is part of the NAB Group.

# Our approach to investing

For over 30 years, MLC has been designing portfolios using a multi-manager approach to help investors achieve their goals.

The four key aspects of our investment approach are:

## 1. Portfolio design

Our portfolios focus on what affects investor outcomes the most — asset allocation. Each asset class has its own risk and return characteristics. We allocate money between asset classes based on the following beliefs:

- **Risk can't be avoided but can be managed**

  To manage our portfolios' risk in different environments, we consider how economic and market conditions might unfold.

  Our investment experts then work out the combination of asset classes that they believe will best achieve a portfolio's objective in the changing conditions.

  This helps us prepare our portfolios for future market ups and downs.

- **Risks and returns vary through time**

  Our analysis of how economic and market conditions might develop shows us how the potential risks and returns of each asset class could change over the next three to seven years.

- With this information we can adjust our portfolios' asset allocations to reduce the risk or improve the return potential of the portfolios.

- **Diversification matters**

  Asset classes perform differently in different market conditions.

  Investing in many asset classes helps us smooth out the overall portfolio returns, as we can offset the ups and downs of each asset class.

## 2. Managing the portfolio

Our portfolios have different investment objectives. That's why our investment experts select a different mix of assets and investment managers for each.

Our investment managers may be specialist in-house managers, external managers or a combination of both.

We research hundreds of investment managers from around the world and select from the best for our portfolios.

We then combine them in our portfolios so they complement each other.

This multi-manager approach helps to reduce risk and deliver more consistent returns.

You can find out about our current investment managers at **mlc.com.au**

## 3. Ongoing review

To make sure our portfolios are working hard for our investors, we continuously review and actively manage them.

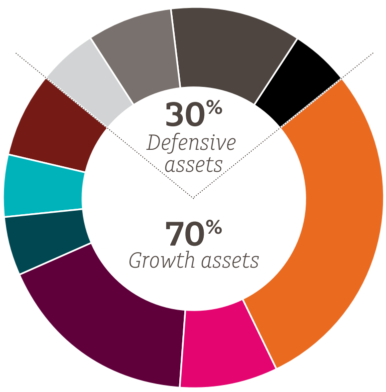
We may adjust the asset allocation, investment strategies and managers.

This is because our assessment of the future market environment may have altered or because we have found better ways to balance risk and return in the portfolios.

## 4. Portfolio implementation

We deliver better returns by avoiding unnecessary costs. We do this by carefully managing cash flows, tax and changes in our portfolios.

# MySuper

<table>
<tr><th></th><th colspan="3">MySuper</th></tr>
<tr><td>Investment objective</td><td colspan="3">To outperform inflation, measured by the Consumer Price Index, by 3% pa after investment fees and taxes, over any 10 year period.</td></tr>
<tr><td>Investment approach</td><td colspan="3">MySuper is a multi-asset portfolio managed by MLC with investment advice from JANA. JANA is one of Australia's leading investment consulting businesses for large corporate superannuation funds and is part of the NAB Group.<br>The portfolio has a strong bias to growth assets and some exposure to defensive assets.<br>The allocations to these assets are actively managed within defined ranges in accordance with our view of how economic and market conditions might unfold.<br>The portfolio is broadly diversified across mainstream asset classes, with some exposure to private and alternative assets and strategies. It uses both passive and active investment managers. These managers invest in many companies and securities in Australia and overseas.<br>All aspects of our approach to investing on page 13 are used in the portfolio.</td></tr>
<tr><td>The investment option may be suited to you if ...</td><td colspan="3">• you want long-term capital growth, and<br>• you understand and accept there can be moderate to high fluctuations in the value of your investment.</td></tr>
<tr><td>Minimum suggested time to invest</td><td colspan="3">6 years</td></tr>
<tr><td rowspan="14">Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges.<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au on our Fund Profile Tool.</td><td rowspan="14">
</td><td>Asset class</td><td>Benchmark asset allocation (%) | Ranges (%)</td></tr>
<tr><td>Cash</td><td>5%</td></tr>
<tr><td>Australian fixed income</td><td>11%</td></tr>
<tr><td>Global fixed income</td><td>7%</td></tr>
<tr><td>Alternatives and other</td><td>7%</td></tr>
<tr><td>Total defensive assets</td><td>30% | 15-45%</td></tr>
<tr><td>Australian shares</td><td>28%</td></tr>
<tr><td>Global shares (hedged)</td><td>8%</td></tr>
<tr><td>Global shares (unhedged)</td><td>17%</td></tr>
<tr><td>Property</td><td>5%</td></tr>
<tr><td>Global private assets (hedged)</td><td>5%</td></tr>
<tr><td>Alternatives and other</td><td>7%</td></tr>
<tr><td>Total growth assets</td><td>70% | 55-85%</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Benchmark</td><td colspan="3">A combination of market indices, weighted according to the benchmark asset allocation.<br>Details of the portfolio's current benchmark are available on mlc.com.au</td></tr>
<tr><td>Estimated number of negative annual returns</td><td colspan="3">Medium to high, between 3 and 4 years in 20 years.</td></tr>
<tr><td>Indicative investment fee<br>Actual fees may be different to the estimates shown.</td><td colspan="3">Investment fee (% pa) 0.46<br>Estimated performance fee (% pa) 0.01<br>Total (% pa) 0.47</td></tr>
<tr><td>Buy-sell spreads</td><td colspan="3">Entry/Exit (%) 0.05/0.05</td></tr>
<tr><td>Estimated indirect cost ratio (% pa)<br>Actual fees may be different to the estimates shown.</td><td colspan="3">0.08</td></tr>
</table>

# MLC Inflation Plus portfolios

<table>
<tr><th></th><th>MLC Inflation Plus – Conservative Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to deliver a return of 3.5% pa above inflation, before fees and tax, over 3 year periods by limiting the risk of negative returns over this time frame.<br>This careful risk management approach means there may be times when the portfolio doesn’t achieve its return objective. In most circumstances the portfolio is expected to provide a positive return over 3 year periods, although there will sometimes be negative returns over shorter periods.</td></tr>
<tr><td>Investment approach</td><td>The key aspects of the way the portfolio is managed are:<br>1. Flexible asset allocation – the asset allocation is actively managed in accordance with our changing view of potential risks and opportunities in investment markets.<br>2. Diversification – the portfolio invests across a wide range of assets and strategies. These may include both mainstream (eg shares and government bonds) and alternative investments (eg hedge funds) that may not be widely used in other investment funds. To manage the assets and strategies, we carefully selects specialist investment managers from around the world.<br>3. Strong focus on risk management – the portfolio has the flexibility not to invest in an asset class if that would cause too much risk of a negative return over 3 years. This means the portfolio may have no exposure to growth assets in some market conditions.<br>We expect that by managing the portfolio in this way, movements in the portfolio’s value (both up and down) should be less significant.<br>The portfolio uses all aspects of our approach to investing outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if …</td><td>• you’re focused on achieving a return above inflation over a 3 year period<br>• you understand the return achieved by the portfolio may be significantly higher or lower than its objective<br>• you understand that the portfolio’s asset allocation will change significantly over time, and<br>• you want to manage investment risk by diversifying across asset classes and strategies.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>3 to 5 years</td></tr>
<tr><td>Asset allocation ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges.<br>The most up to date asset allocations are available at mlc.com.au/fundprofiletool</td><td><table>
<tr><th></th><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Cash</td><td>0%</td><td>100%</td></tr>
<tr><td>Australian fixed income</td><td>0%</td><td>60%</td></tr>
<tr><td>Global fixed income</td><td>0%</td><td>60%</td></tr>
<tr><td>Australian shares</td><td>0%</td><td>40%</td></tr>
<tr><td>Global shares</td><td>0%</td><td>40%</td></tr>
<tr><td>Property securities</td><td>0%</td><td>30%</td></tr>
<tr><td>Alternatives</td><td>0%</td><td>10%</td></tr>
<tr><td>Total fixed income and cash</td><td>30%</td><td>100%</td></tr>
<tr><td>Total shares and property</td><td>0%</td><td>60%</td></tr>
<tr><td>Total alternatives</td><td>0%</td><td>10%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>The measure of inflation is the Consumer Price Index, calculated by the Australian Bureau of Statistics.</td></tr>
<tr><td>Estimated number of negative annual returns</td><td>Low to medium, between 1 and 2 years in 20 years.</td></tr>
<tr><td>Indicative investment fee<br>Actual fees may be different to the estimates shown.</td><td>Investment fee (% pa) 0.75<br>Estimated performance fee (% pa) 0.00<br>Total (% pa) 0.75</td></tr>
<tr><td>Buy-sell spreads</td><td>Entry/Exit (%) 0.05/0.05</td></tr>
<tr><td>Estimated indirect cost ratio (% pa)<br>Actual fees may be different to the estimates shown.</td><td>0.22</td></tr>
</table>

# MLC Inflation Plus portfolios

| | MLC Inflation Plus – Moderate Portfolio |
|---|---|
| **Investment objective** | Aims to deliver a return of 5% pa above inflation, before fees and tax, over 5 year periods by limiting the risk of negative returns over this time frame.<br>This careful risk management approach means there may be times when the portfolio doesn't achieve its return objective. In most circumstances the portfolio is expected to provide a positive return over 5 year periods, although there will sometimes be negative returns over shorter periods. |
| **Investment approach** | The key aspects of the way the portfolio is managed are:<br>1. Flexible asset allocation – the asset allocation is actively managed in accordance with our changing view of potential risks and opportunities in investment markets.<br>2. Diversification – the portfolio invests across a wide range of assets and strategies. These may include both mainstream (eg shares and government bonds) and alternative investments (eg hedge funds) that may not be widely used in other investment funds. To manage the assets and strategies, we carefully selects specialist investment managers from around the world.<br>3. Strong focus on risk management – the portfolio has the flexibility not to invest in an asset class if that would cause too much risk of a negative return over 5 years. This means the portfolio may have low exposure to growth assets in some market conditions.<br>We expect that by managing the portfolio in this way, movements in the portfolio's value (both up and down) should be less significant.<br>The portfolio uses all aspects of our approach to investing outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au** |
| **The investment option may be suited to you if …** | • you're focused on achieving a return above inflation over a 5 year period<br>• you understand the return achieved by the portfolio may be significantly higher or lower than its objective<br>• you understand that the portfolio's asset allocation will change significantly over time, and<br>• you want to manage investment risk by diversifying across asset classes and strategies. |
| **Minimum suggested time to invest** | 5 to 7 years |
| **Asset allocation ranges (at 31 March 2016)**<br>*The portfolio will be managed within these ranges.*<br>*The most up to date asset allocations are available at* mlc.com.au/fundprofiletool | **Minimum / Maximum**<br>Cash: 0% / 100%<br>Australian fixed income: 0% / 60%<br>Global fixed income: 0% / 60%<br>Australian shares: 0% / 50%<br>Global shares: 0% / 50%<br>Property securities: 0% / 40%<br>Alternatives: 0% / 15%<br>**Total fixed income and cash: 5% / 100%**<br>**Total shares and property: 0% / 80%**<br>**Total alternatives: 0% / 15%** |
| **Benchmark** | The measure of inflation is the Consumer Price Index, calculated by the Australian Bureau of Statistics. |
| **Estimated number of negative annual returns** | Medium to high, between 3 and 4 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa): 0.90<br>Estimated performance fee (% pa): 0.00<br>**Total (% pa): 0.90** |
| **Buy-sell spreads** | Entry/Exit (%): 0.05/0.05 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.32 |

| | MLC Inflation Plus – Assertive Portfolio |
|---|---|
| **Investment objective** | Aims to deliver a return of 6% pa above inflation (before fees and tax) over 7 year periods by limiting the risk of negative returns over this time frame.<br>This careful risk management approach means there may be times when the portfolio doesn't achieve its return objective. In most circumstances the portfolio is expected to provide a positive return over 7 year periods, although there will sometimes be negative returns over shorter periods. |
| **Investment approach** | The key aspects of the way the portfolio is managed are:<br>1. Flexible asset allocation – the asset allocation is actively managed in accordance with our changing view of potential risks and opportunities in investment markets.<br>2. Diversification – the portfolio invests across a wide range of assets and strategies. These may include both mainstream (eg shares and government bonds) and alternative investments (eg hedge funds) that may not be widely used in other investment funds. To manage the assets and strategies, we carefully selects specialist investment managers from around the world.<br>3. Strong focus on risk management – the portfolio has the flexibility not to invest in an asset class if that would cause too much risk of a negative return over 7 years. This means the portfolio may have low exposure to growth assets in some market conditions. However, the portfolio's 7 year investment time frame means it will usually have a significant investment in growth assets.<br>We expect that by managing the portfolio in this way, movements in the portfolio's value (both up and down) should be less significant.<br>**Techniques such as gearing, short selling and derivatives may be used to adjust the portfolio's exposure to assets.** For more information about these techniques and their risks, please see page 9.<br>The portfolio uses all aspects of our approach to investing outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au** |
| **The investment option may be suited to you if …** | • you're focused on achieving a return above inflation over a 7 year period<br>• you understand the return achieved by the portfolio may be significantly higher or lower than its objective<br>• you understand that the portfolio's asset allocation will change significantly over time<br>• you want to manage investment risk by diversifying across asset classes and strategies, and<br>• you understand the risks of investing in a geared portfolio and are comfortable with our flexibly managing the gearing level up to 40%. |
| **Minimum suggested time to invest** | 7 to 10 years |

# MLC Inflation Plus portfolios

| | **MLC Inflation Plus – Assertive Portfolio** continued |
|---|---|
| **Asset allocation ranges (at 31 March 2016)**<br>*The portfolio will be managed within these ranges.*<br>*The most up to date asset allocations are available at* ***mlc.com.au/fundprofiletool*** | see table below |
| **Benchmark** | The measure of inflation is the Consumer Price Index, calculated by the Australian Bureau of Statistics. |
| **Estimated number of negative annual returns** | High, between 4 and 5 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.33<br>Estimated performance fee (% pa) 0.01<br>**Total (% pa) 1.34** |
| **Buy-sell spreads** | Entry/Exit (%) 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.56 |

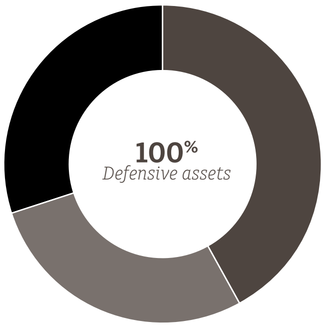
Asset allocation ranges:

| | **Minimum** | **Maximum** |
|---|---|---|
| Cash | 0% | 100% |
| Australian fixed income | 0% | 60% |
| Global fixed income | 0% | 60% |
| Australian shares | 0% | 70% |
| Global shares | 0% | 70% |
| Property securities | 0% | 50% |
| Global private assets | 0% | 17% |
| Alternatives | 0% | 50% |
| Gearing* | 0% | 40% |
| **Total fixed income and cash** | **0%** | **120%** |
| **Total shares and property** | **0%** | **120%** |
| **Total assets*** | **100%** | **140%** |

* This means for every $1,000 you invest, the portfolio may borrow up to $400 (and up to $1,400 is invested in assets). However, if asset values fall dramatically (such as in unusually adverse market conditions), the portfolio's gearing level may rise above 40%. More information on the risks of gearing is on page 9.

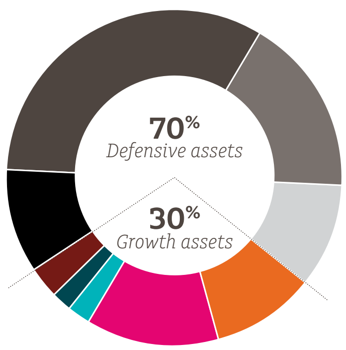
This portfolio is considered a fund of hedge funds by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. More information about this portfolio is available on **mlc.com.au/fundprofiletool**

# MLC Horizon portfolios

<table>
<tr><th></th><th>MLC Horizon 1 Bond Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to outperform the benchmark, before fees and tax, over 2 year periods. The return is also expected to be higher than cash investments.<br>At the same time, the portfolio aims to preserve your investment over 1 year periods.</td></tr>
<tr><td>Investment approach</td><td>Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation is invested in defensive assets.<br>We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:<br>• Researching and selecting a broad range of fixed income sectors and strategies.<br>• Adjusting the allocations to the asset classes within the defined ranges shown below.<br>• Selecting investment managers from some of the best in the world. These active investment managers choose many securities in Australia and overseas for investment.<br>The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if …</td><td>• you want a portfolio of fixed income securities that is predominantly investment grade and has an average term to maturity that's normally up to 1.25 years<br>• you want an actively managed portfolio that's diversified across investment managers, types of fixed income, countries, and securities, and<br>• preservation of your investment is important.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>2 years</td></tr>
<tr><td>Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges. In addition, foreign currency exposures from global fixed income will be generally substantially hedged to the Australian dollar.<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool</td><td>

<table>
<tr><th>Asset class</th><th>Benchmark asset allocation (%)</th><th>Ranges (%)</th></tr>
<tr><td>Cash</td><td>30%</td><td>0–60%</td></tr>
<tr><td>Australian fixed income</td><td>42%</td><td>20–70%</td></tr>
<tr><td>Global fixed income</td><td>28%</td><td>15–50%</td></tr>
<tr><td>Total defensive assets</td><td>100%</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on mlc.com.au</td></tr>
<tr><td>Estimated number of negative annual returns</td><td>Very low, less than 1 year in 20 years.</td></tr>
<tr><td>Indicative investment fee<br>Actual fees may be different to the estimates shown.</td><td>Investment fee (% pa) 0.57</td></tr>
<tr><td>Buy-sell spreads</td><td>Entry/Exit (%) Nil/Nil</td></tr>
<tr><td>Estimated indirect cost ratio (% pa)<br>Actual fees may be different to the estimates shown.</td><td>Not applicable</td></tr>
</table>

# MLC Horizon portfolios

<table>
<tr><th></th><th>MLC Horizon 2 Capital Stable Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to outperform the benchmark, before fees and tax, over 3 year periods.<br>We aim to achieve this by actively managing the portfolio. This includes changing the portfolio's asset allocation to reduce risk if market risk is high. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.<br>While the portfolio isn't managed to achieve a particular return above inflation, an average return of 3.5% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.</td></tr>
<tr><td>Investment approach</td><td>Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation has a strong bias to defensive assets and some exposure to growth assets.<br>We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:<br>• Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.<br>• Adjusting the allocations to the asset classes within the defined ranges shown below.<br>• Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment.<br>The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if …</td><td>• you want a diversified portfolio that invests mainly in defensive assets<br>• you want to rely largely on the market for returns, and<br>• preserving your investment is an important but not overriding concern.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>3 years</td></tr>
<tr><td>Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges. In addition, most global assets are hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool</td><td>

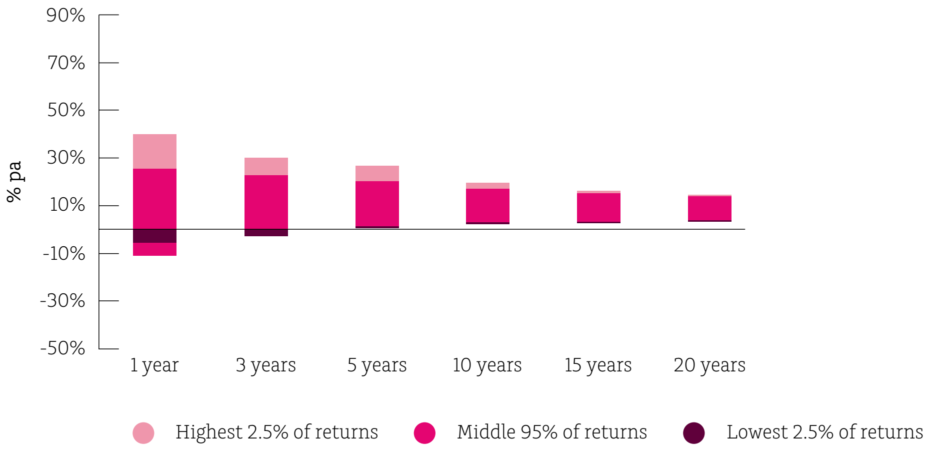
<table>
<tr><th>Asset class</th><th>Benchmark asset allocation (%)</th><th>Ranges (%)</th></tr>
<tr><td>Cash</td><td>10%</td><td>0-20%</td></tr>
<tr><td>Australian fixed income</td><td>33%</td><td>15-45%</td></tr>
<tr><td>Global fixed income</td><td>17%</td><td>15-45%</td></tr>
<tr><td>Alternatives and other</td><td>10%</td><td>0-15%</td></tr>
<tr><td>Total defensive assets</td><td>70%</td><td>65-75%</td></tr>
<tr><td>Australian shares</td><td>10%</td><td>0-25%</td></tr>
<tr><td>Global shares</td><td>13%</td><td>0-25%</td></tr>
<tr><td>Global property securities</td><td>2%</td><td>0-15%</td></tr>
<tr><td>Global private assets</td><td>2%</td><td>0-10%</td></tr>
<tr><td>Alternatives and other</td><td>3%</td><td>0-15%</td></tr>
<tr><td>Total growth assets</td><td>30%</td><td>25-35%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on mlc.com.au</td></tr>
</table>

## **MLC Horizon 2 Capital Stable Portfolio** continued

**Long-term returns**

The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns.

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 40 | 7 | -11 | 26 and -4 |
| **20 years return (% pa)** | 15 | 7 | 3 | 14 and 4 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

**Estimated number of negative annual returns**

Low to medium, between 1 and 2 years in 20 years.

**Indicative investment fee**

*Actual fees may be different to the estimates shown.*

| | |
|---|---|
| Investment fee (% pa) | 0.60 |
| Estimated performance fee (% pa) | 0.00 |
| **Total (% pa)** | **0.60** |

**Buy-sell spreads**

| | |
|---|---|
| Entry/Exit (%) | 0.05/0.05 |

**Estimated indirect cost ratio (% pa)**

*Actual fees may be different to the estimates shown.*

0.10

# MLC Horizon portfolios

## MLC Horizon 3 Conservative Growth Portfolio

**Investment objective**

Aims to outperform the benchmark, before fees and tax, over 3 year periods.

We aim to achieve this by actively managing the portfolio. This includes changing the portfolio's asset allocation to reduce risk if market risk is high. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.

While the portfolio isn't managed to achieve a particular return above inflation, an average return of 4.25% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.

**Investment approach**

Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation has an approximately equal exposure to growth and defensive assets.

We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:

- Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.
- Adjusting the allocations to the asset classes within the defined ranges shown below.
- Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment.

The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au**

**The investment option may be suited to you if ...**

- you want a diversified portfolio that has similar weightings to defensive and growth assets
- you want to rely largely on the market for returns
- you want some long-term capital growth, and
- you understand that there can be moderate to large fluctuations in the value of your investment.

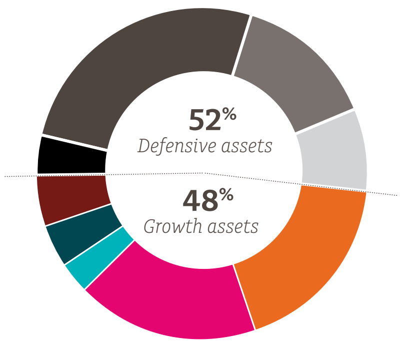
**Minimum suggested time to invest**

4 years

**Benchmark asset allocation and ranges (at 31 March 2016)**

*The portfolio will be managed within these ranges. In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool*

*The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool*



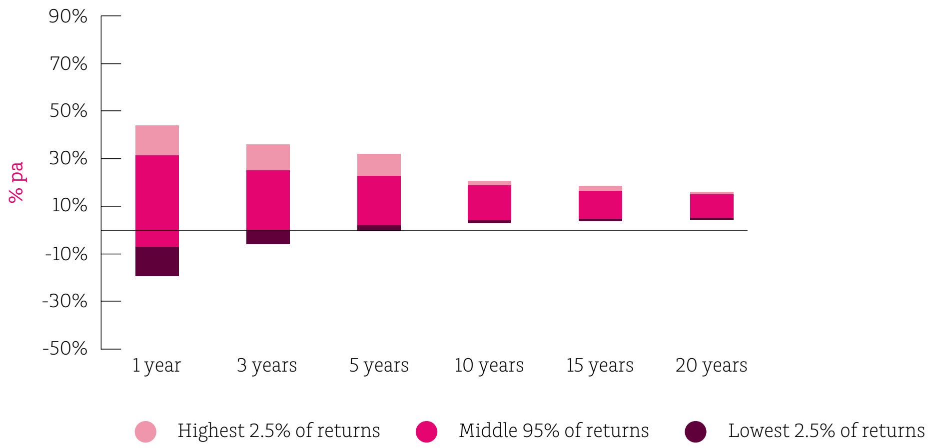

| Asset class | Benchmark asset allocation (%) | Ranges (%) |
|---|---|---|
| Cash | 4% | 0-15% |
| Australian fixed income | 26% | 10-35% |
| Global fixed income | 14% | 10-35% |
| Alternatives and other | 8% | 0-15% |
| **Total defensive assets** | **52%** | **45-55%** |
| Australian shares | 18% | 10-35% |
| Global shares | 18% | 5-30% |
| Global property securities | 3% | 0-15% |
| Global private assets | 4% | 0-10% |
| Alternatives and other | 5% | 0-15% |
| **Total growth assets** | **48%** | **45-55%** |

**Benchmark**

A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on **mlc.com.au**

| | **MLC Horizon 3 Conservative Growth Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 44 | 8 | -19 | 31 and -7 |
| **20 years return (% pa)** | 16 | 8 | 5 | 15 and 5 |

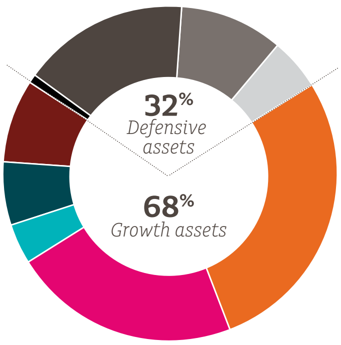
Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | |
|---|---|
| **Estimated number of negative annual returns** | Medium, between 2 and 3 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.65<br>Estimated performance fee (% pa) 0.00<br>**Total (% pa) 0.65** |
| **Buy-sell spreads** | Entry/Exit (%) 0.05/0.05 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.18 |

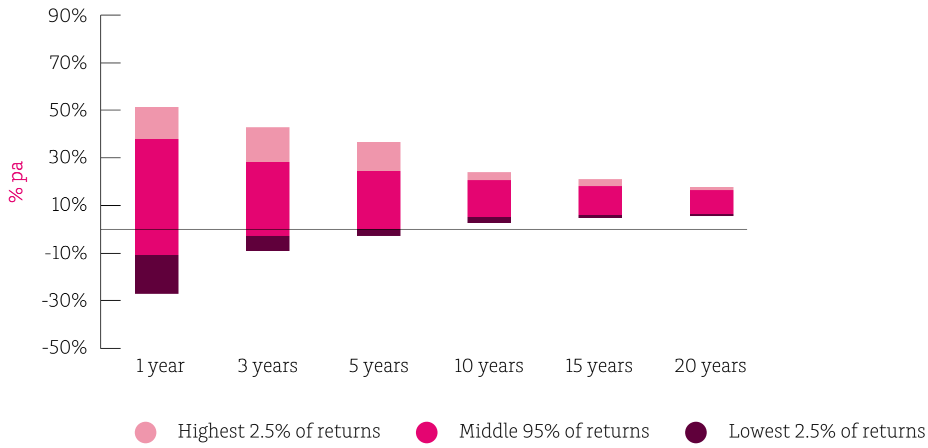
# MLC Horizon portfolios

<table>
<tr><th></th><th>MLC Horizon 4 Balanced Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to outperform the benchmark, before fees and tax, over 4 year periods.<br><br>We aim to achieve this by actively managing the portfolio. This includes changing the portfolio's asset allocation to reduce risk if market risk is high. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.<br><br>While the portfolio isn't managed to achieve a particular return above inflation, an average return of 4.75% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.</td></tr>
<tr><td>Investment approach</td><td>Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation has a strong bias to growth assets and some exposure to defensive assets.<br><br>We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:<br>• Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.<br>• Adjusting the allocations to the asset classes within the defined ranges shown below.<br>• Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment.<br><br>The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if ...</td><td>• you want a diversified portfolio that invests mainly in growth assets<br>• you want to rely largely on the market for returns<br>• you want long-term capital growth, and<br>• you understand and accept that there can be large fluctuations in the value of your investment.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>5 years</td></tr>
<tr><td>Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges. In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool</td><td>

<table>
<tr><th>Asset class</th><th>Benchmark asset allocation (%)</th><th>Ranges (%)</th></tr>
<tr><td>Cash</td><td>1%</td><td>0-10%</td></tr>
<tr><td>Australian fixed income</td><td>16%</td><td>5-30%</td></tr>
<tr><td>Global fixed income</td><td>10%</td><td>0-25%</td></tr>
<tr><td>Alternatives and other</td><td>5%</td><td>0-15%</td></tr>
<tr><td>Total defensive assets</td><td>32%</td><td>25-35%</td></tr>
<tr><td>Australian shares</td><td>28%</td><td>20-45%</td></tr>
<tr><td>Global shares</td><td>22%</td><td>10-40%</td></tr>
<tr><td>Global property securities</td><td>4%</td><td>0-15%</td></tr>
<tr><td>Global private assets</td><td>6%</td><td>0-10%</td></tr>
<tr><td>Alternatives and other</td><td>8%</td><td>0-15%</td></tr>
<tr><td>Total growth assets</td><td>68%</td><td>65-75%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on mlc.com.au</td></tr>
</table>

| | **MLC Horizon 4 Balanced Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns. |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 51 | 10 | -27 | 38 and -11 |
| **20 years return (% pa)** | 18 | 9 | 6 | 16 and 6 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | | |
|---|---|---|
| **Estimated number of negative annual returns** | Medium to high, between 3 and 4 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa)<br>Estimated performance fee (% pa)<br>**Total (% pa)** | 0.70<br>0.00<br>**0.70** |
| **Buy-sell spreads** | Entry/Exit (%) | 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.22 | |

# MLC Horizon portfolios

## MLC Horizon 5 Growth Portfolio

**Investment objective**

Aims to outperform the benchmark, before fees and tax, over 5 year periods.

We aim to achieve this by actively managing the portfolio. This includes changing the portfolio's asset allocation to reduce risk if market risk is high. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.

While the portfolio isn't managed to achieve a particular return above inflation, an average return of 5.25% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.

**Investment approach**

Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation invests primarily in growth assets with a small exposure to defensive assets.

We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:

- Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.
- Adjusting the allocations to the asset classes within the defined ranges shown below.
- Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment.

The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au**

**The investment option may be suited to you if …**

- you want a diversified portfolio that invests predominantly in growth assets
- you want to rely largely on the market for returns
- you want long-term capital growth, and
- you understand that there can be large fluctuations in the value of your investment.

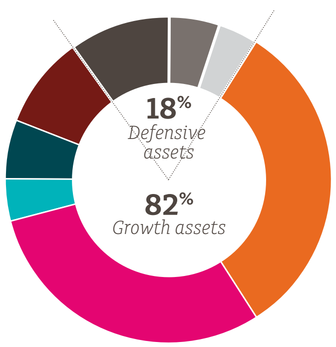
**Minimum suggested time to invest**

6 years

**Benchmark asset allocation and ranges (at 31 March 2016)**

*The portfolio will be managed within these ranges.In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to* mlc.com.au/fundprofiletool

*The benchmark asset allocation and ranges may change over time. The most up to date information is available at* mlc.com.au/fundprofiletool



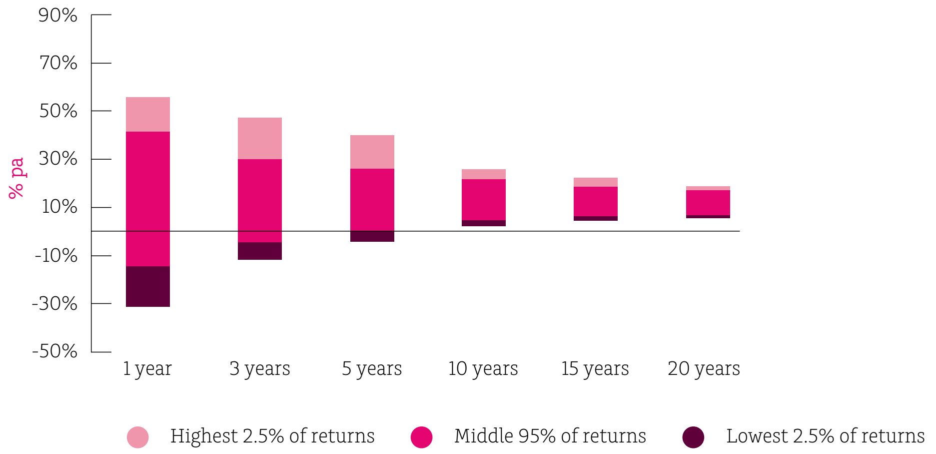

| Asset class | Benchmark asset allocation (%) | Ranges (%) |
|---|---|---|
| Cash | 0% | 0-10% |
| Australian fixed income | 10% | 0-20% |
| Global fixed income | 5% | 0-20% |
| Alternatives and other | 4% | 0-15% |
| **Total defensive assets** | **19%** | **10-20%** |
| Australian shares | 32% | 20-50% |
| Global shares | 30% | 20-45% |
| Global property securities | 4% | 0-15% |
| Global private assets | 6% | 0-15% |
| Alternatives and other | 9% | 0-15% |
| **Total growth assets** | **81%** | **80-90%** |

**Benchmark**

A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on **mlc.com.au**

| | **MLC Horizon 5 Growth Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns. |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 56 | 10 | -31 | 41 and -14 |
| **20 years return (% pa)** | 19 | 10 | 6 | 17 and 7 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | |
|---|---|
| **Estimated number of negative annual returns** | High, between 4 and 5 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.73<br>Estimated performance fee (% pa) 0.00<br>**Total (% pa) 0.73** |
| **Buy-sell spreads** | Entry/Exit (%) 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.23 |

# MLC Horizon portfolios

## MLC Horizon 6 Share Portfolio

**Investment objective**

Aims to outperform the benchmark, before fees and tax, over 5 year periods.

We aim to achieve this return while keeping volatility (movements up and down in value) at levels similar to the benchmark.

While the portfolio isn't managed to achieve a particular return above inflation, an average return of 5.5% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.

**Investment approach**

Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation is invested in growth assets with minimal exposure to defensive assets.

We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:

- Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.
- Adjusting the allocations to the asset classes within the defined ranges shown below.
- Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment.

The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au**

**The investment option may be suited to you if ...**

- you want a portfolio that invests in growth assets, primarily shares
- you want to rely largely on the market for returns
- you want long-term capital growth, and
- you understand that there can be very large fluctuations in the value of your investment.

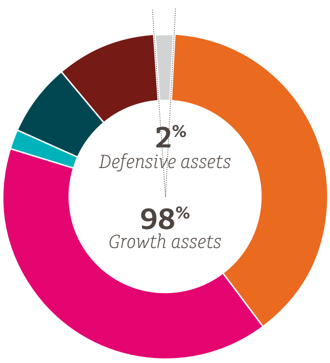
**Minimum suggested time to invest**

6 years

**Benchmark asset allocation and ranges (at 31 March 2016)**

*The portfolio will be managed within these ranges. In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool*

*The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool*

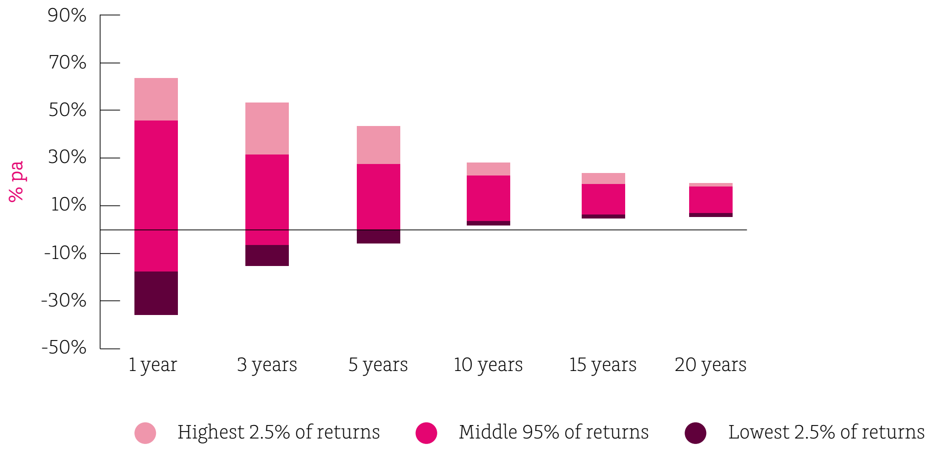



| Asset class | Benchmark asset allocation (%) | Ranges (%) |
|---|---|---|
| Alternatives and other | 2% | 0-10% |
| **Total defensive assets** | **2%** | **0-10%** |
| Australian shares | 39% | 30-55% |
| Global shares | 40% | 30-60% |
| Global property securities | 2% | 0-15% |
| Global private assets | 7% | 0-15% |
| Alternatives and other | 10% | 0-15% |
| **Total growth assets** | **98%** | **90-100%** |

**Benchmark**

A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on **mlc.com.au**

| | **MLC Horizon 6 Share Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns.<br><br>**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)** |




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 63 | 11 | -36 | 46 and -18 |
| **20 years return (% pa)** | 20 | 10 | 5 | 18 and 7 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | | |
|---|---|---|
| **Estimated number of negative annual returns** | High, between 4 and 5 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa)<br>Estimated performance fee (% pa)<br>**Total (% pa)** | 0.77<br>0.01<br>**0.78** |
| **Buy-sell spreads** | Entry/Exit (%) | 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.21 | |

# MLC Horizon portfolios

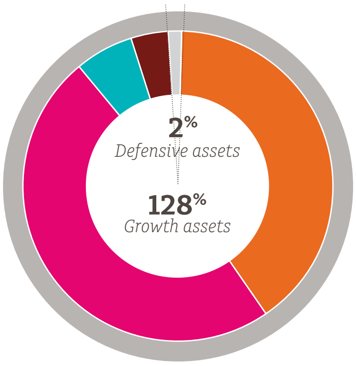
| | MLC Horizon 7 Accelerated Growth Portfolio |
|---|---|
| **Investment objective** | Aims to outperform the benchmark, before fees and tax, over 5 year periods.<br>We aim to achieve this return while keeping volatility (movements up and down in value) at levels similar to the benchmark.<br>While the portfolio isn't managed to achieve a particular return above inflation, an average return of 6.25% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below. |
| **Investment approach** | Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets and gearing level are shown in its benchmark asset allocation below. The benchmark asset allocation is invested in growth assets with minimal exposure to defensive assets. We actively look for opportunities to provide better returns, or less risk, than those generated by the benchmark asset allocation and to manage the portfolio's exposure to the risks of investing in markets. We do this by:<br>• Researching and selecting a broad range of mainstream asset classes, and including some exposure to alternative assets and strategies.<br>• Adjusting the allocations to the asset classes within the defined ranges shown below.<br>• Selecting investment managers from some of the best in the world. These investment managers, who are mainly active managers, choose many companies and securities in Australia and overseas for investment. The portfolio uses all aspects of our approach to investing as outlined on page 12. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au**<br>At 31 March 2016, the portfolio has a target gearing level of 30%. This means for every $1,000 you have invested, the portfolio targets borrowings of $300. The actual gearing level changes every day as a result of market movements. That's why we monitor the portfolio's actual gearing level against its target and regularly move the borrowings back to the target level. To maintain the target gearing level, we may need to adjust the borrowings as well as buy and sell assets. This increased trading will incur transaction costs and realise tax gains and losses. The actual gearing level may move significantly away from the target, without prior notice to you, for reasons including:<br>• significant market volatility<br>• legislative changes<br>• accessing borrowings, including any lender imposed requirement to repay borrowings, and<br>• changes to gearing costs.<br>Current gearing levels are available on **mlc.com.au** |
| **The investment option may be suited to you if ...** | • you want to gear a portfolio of growth assets (primarily shares) but don't want the burden of obtaining and managing your own loan<br>• you want to rely largely on the market for returns<br>• you want long-term capital growth<br>• you expect growth in the assets' value to exceed the costs of gearing, and<br>• you're comfortable with the risks of gearing including extra volatility and increased risk of capital loss, outlined on page 9. |
| **Minimum suggested time to invest** | 8 years |

## MLC Horizon 7 Accelerated Growth Portfolio continued

**Benchmark asset allocation and ranges (at 31 March 2016)**

*The portfolio will be managed within these ranges. In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool*

*The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool*




| Asset class | Benchmark asset allocation (%) | Ranges (%) |
|---|---|---|
| Alternatives and other | 2% | 0-10% |
| **Total defensive assets** | **2%** | **0-10%** |
| Australian shares | 52% | 40-60% |
| Global shares | 63% | 50-75% |
| Global property securities | 0% | 0-15% |
| Global private assets | 8% | 0-15% |
| Alternatives and other | 5% | 0-15% |
| **Total growth assets** | **128%** | **120-130%** |
| Gearing* | 30% | |

*If asset values fall dramatically (such as in unusually adverse market conditions), the portfolio's gearing level may rise above 30%.

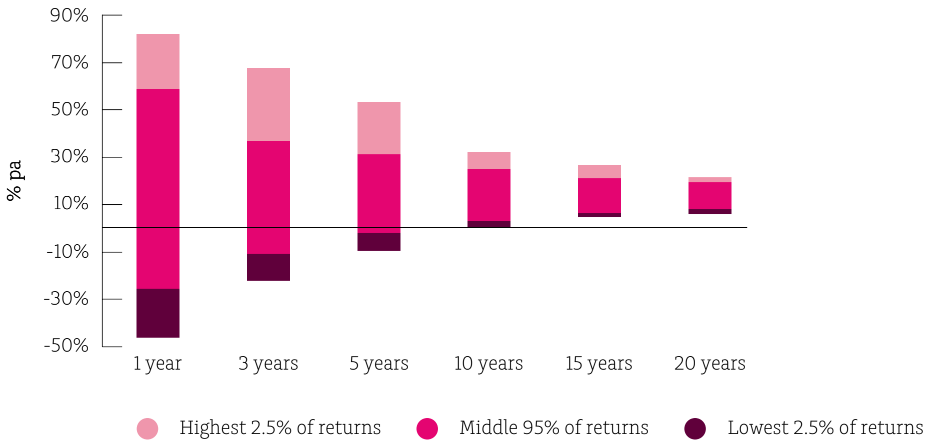
**Benchmark**

A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on **mlc.com.au**.

**Long-term returns**

The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns.

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 82 | 13 | -46 | 59 and -26 |
| **20 years return (% pa)** | 21 | 12 | 6 | 19 and 8 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

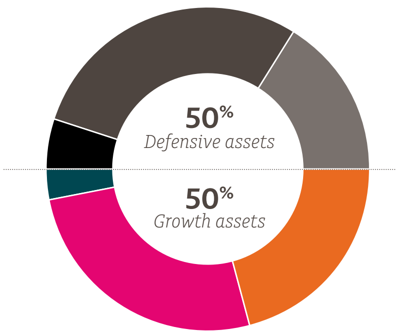
These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

# MLC Horizon portfolios

| | MLC Horizon 7 Accelerated Growth Portfolio | |
|---|---|---|
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa)<br>Estimated performance fee (% pa)<br>**Total (% pa)** | 1.00<br>0.01<br>**1.01** |
| **Buy-sell spreads** | Entry/Exit (%) | 0.15/0.15 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.22 | |

# MLC Index Plus portfolios

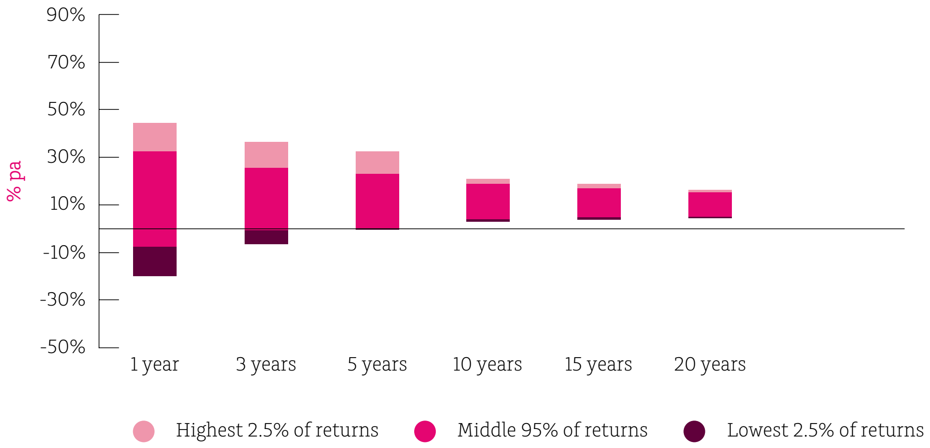
<table>
<tr><th></th><th>MLC Index Plus Conservative Growth Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to provide a return that meets its benchmark, before fees and tax, over 3 year periods.<br>At the same time, we aim to reduce risk in the portfolio if market risk is high by changing the portfolio’s asset allocation. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.<br>While the portfolio isn’t managed to achieve a particular return above inflation, an average return of 4% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio’s. More information about long-term returns is provided below.</td></tr>
<tr><td>Investment approach</td><td>Investment markets are the main driver of the portfolio’s investment returns. The portfolio’s allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation has an approximately equal exposure to growth and defensive assets.<br>To meet the benchmark return while managing the portfolio’s exposure to the risks of investing in markets, we do this by:<br>• Researching and selecting mostly mainstream asset classes.<br>• Adjusts the allocations to the asset classes within the defined ranges shown below.<br>• Selects investment managers from around the world. We use mainly passive investment managers for growth assets and active investment managers for fixed income assets. These managers choose many companies and securities in Australia and overseas for investment.<br>The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if …</td><td>• you want a diversified portfolio that has similar weightings to defensive and growth assets<br>• you want to rely largely on the market for returns<br>• you want some long-term capital growth, and<br>• you understand that there can be moderate to large fluctuations in the value of your investment.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>4 years</td></tr>
<tr><td>Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges.<br>In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool</td><td>

<table>
<tr><th>Asset class</th><th>Benchmark asset allocation (%)</th><th>Ranges (%)</th></tr>
<tr><td>Cash</td><td>5%</td><td>0-15%</td></tr>
<tr><td>Australian fixed income</td><td>29%</td><td>10-35%</td></tr>
<tr><td>Global fixed income</td><td>16%</td><td>10-35%</td></tr>
<tr><td>Total defensive assets</td><td>50%</td><td>45-55%</td></tr>
<tr><td>Australian shares</td><td>21%</td><td>10-35%</td></tr>
<tr><td>Global shares</td><td>26%</td><td>10-30%</td></tr>
<tr><td>Global property securities</td><td>3%</td><td>0-15%</td></tr>
<tr><td>Total growth assets</td><td>50%</td><td>45-55%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>A combination of market indices, weighted according to the benchmark asset allocation. This ‘composite benchmark’ is explained on page 10. Details of the portfolio’s current benchmark are available on mlc.com.au</td></tr>
</table>

# MLC Index Plus portfolios

| | **MLC Index Plus Conservative Growth Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns. |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 44 | 8 | -20 | 32 and -8 |
| **20 years return (% pa)** | 16 | 8 | 4 | 15 and 5 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | | |
|---|---|---|
| **Estimated number of negative annual returns** | Medium to high, between 3 and 4 years in 20 years. | |
| **Indicative investment fee** *Actual fees may be different to the estimates shown.* | Investment fee (% pa) | 0.38 |
| **Buy-sell spreads** | Entry/Exit (%) | 0.05/0.05 |
| **Estimated indirect cost ratio (% pa)** *Actual fees may be different to the estimates shown.* | Not applicable | |

## MLC Index Plus Balanced Portfolio

**Investment objective**

Aims to provide a return that meets its benchmark, before fees and tax, over 4 year periods.

At the same time, we aim to reduce risk in the portfolio if market risk is high by changing the portfolio's asset allocation. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.

While the portfolio isn't managed to achieve a particular return above inflation, an average return of 4.25% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.

**Investment approach**

Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation has a strong bias to growth assets and some exposure to defensive assets.

To meet the benchmark return while managing the portfolio's exposure to the risks of investing in markets, we do this by:

- Researching and selecting mostly mainstream asset classes.
- Adjust the allocations to the asset classes within the defined ranges shown below.
- Select investment managers from around the world. We use mainly passive investment managers for growth assets and active investment managers for fixed income assets. These managers choose many companies and securities in Australia and overseas for investment.

The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on **mlc.com.au**

**The investment option may be suited to you if …**

- you want a diversified portfolio that invests mainly in growth assets
- you want to rely largely on the market for returns
- you want long-term capital growth, and
- you understand and accept that there can be large fluctuations in the value of your investment.

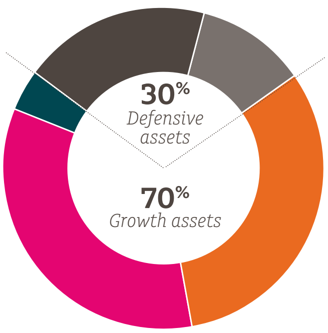
**Minimum suggested time to invest**

5 years

**Benchmark asset allocation and ranges (at 31 March 2016)**

*The portfolio will be managed within these ranges.*
*In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool*

*The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool.*




| Asset class | Benchmark asset allocation (%) | Ranges (%) |
|---|---|---|
| Cash | 0% | 0-10% |
| Australian fixed income | 19% | 10-30% |
| Global fixed income | 11% | 0-25% |
| **Total defensive assets** | **30%** | **25-35%** |
| Australian shares | 32% | 20-45% |
| Global shares | 34% | 20-40% |
| Global property securities | 4% | 0-15% |
| **Total growth assets** | **70%** | **65-75%** |

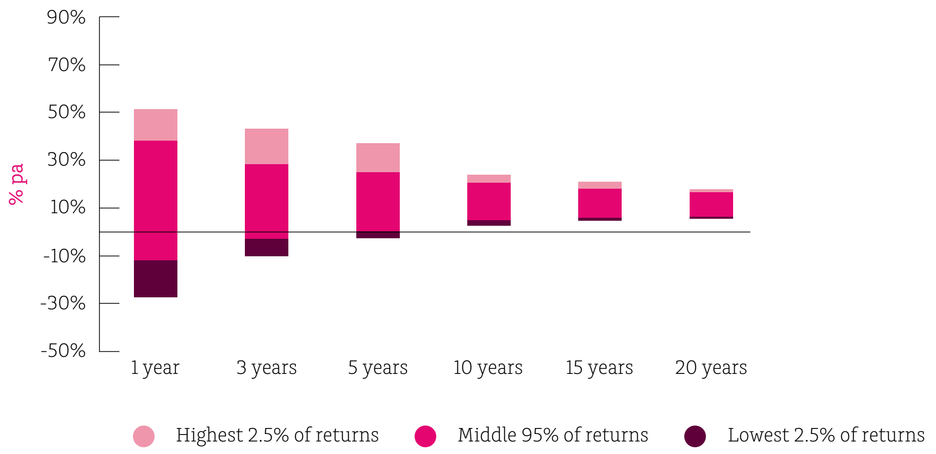
**Benchmark**

A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on **mlc.com.au**

# MLC Index Plus portfolios

| | **MLC Index Plus Balanced Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns. |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**



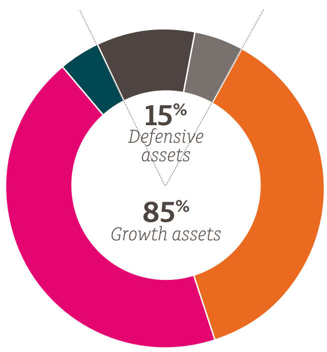

| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 51 | 9 | -28 | 38 and -12 |
| **20 years return (% pa)** | 18 | 9 | 5 | 17 and 6 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | | |
|---|---|---|
| **Estimated number of negative annual returns** | High, between 4 and 5 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) | 0.40 |
| **Buy-sell spreads** | Entry/Exit (%) | 0.05/0.05 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not applicable | |

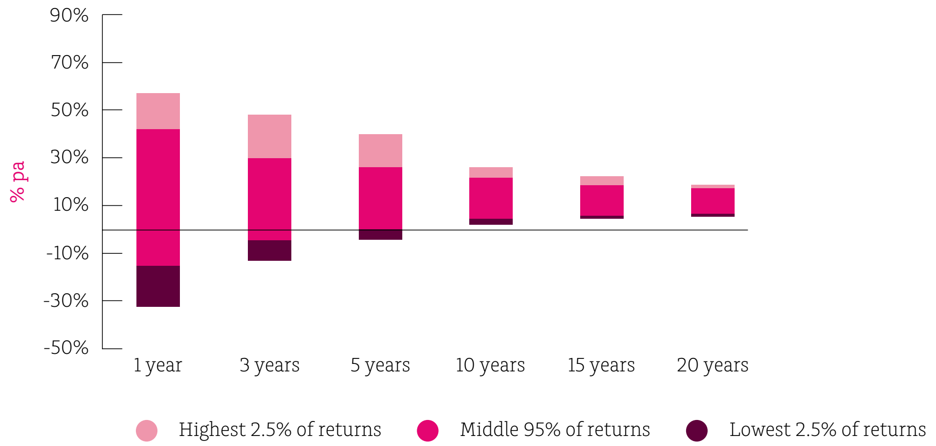
<table>
<tr><th></th><th>MLC Index Plus Growth Portfolio</th></tr>
<tr><td>Investment objective</td><td>Aims to provide a return that meets its benchmark, before fees and tax, over 5 year periods.<br>At the same time, we aim to reduce risk in the portfolio if market risk is high by changing the portfolio's asset allocation. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.<br>While the portfolio isn't managed to achieve a particular return above inflation, an average return of 4.5% pa above inflation (before fees and tax) is consistent with historical long-term returns from investment markets, using an asset allocation similar to the portfolio's. More information about long-term returns is provided below.</td></tr>
<tr><td>Investment approach</td><td>Investment markets are the main driver of the portfolio's investment returns. The portfolio's allocation to investment markets is shown in its benchmark asset allocation below. The benchmark asset allocation invests primarily in growth assets with a small exposure to defensive assets.<br>To meet the benchmark return while managing the portfolio's exposure to the risks of investing in markets, we do this by:<br>• Researching and selecting mostly mainstream asset classes.<br>• Adjust the allocations to the asset classes within the defined ranges shown below.<br>• Select investment managers from around the world. We use mainly passive investment managers for growth assets and active investment managers for fixed income assets. These managers choose many companies and securities in Australia and overseas for investment.<br>The portfolio uses all aspects of our approach to investing as outlined on page 13. In addition, the portfolio uses the market-leading Investment Futures Framework to manage risk and identify opportunities. More information about the Investment Futures Framework is on mlc.com.au</td></tr>
<tr><td>The investment option may be suited to you if ...</td><td>• you want a diversified portfolio that invests predominantly in growth assets<br>• you want to rely largely on the market for returns<br>• you want long-term capital growth, and<br>• you understand that there can be large fluctuations in the value of your investment.</td></tr>
<tr><td>Minimum suggested time to invest</td><td>6 years</td></tr>
<tr><td>Benchmark asset allocation and ranges (at 31 March 2016)<br>The portfolio will be managed within these ranges.<br>In addition, some global assets are not hedged to the Australian dollar. For benchmark currency hedging levels for global assets please refer to mlc.com.au/fundprofiletool<br>The benchmark asset allocation and ranges may change over time. The most up to date information is available at mlc.com.au/fundprofiletool</td><td>

<table>
<tr><th>Asset class</th><th>Benchmark asset allocation (%)</th><th>Ranges (%)</th></tr>
<tr><td>Cash</td><td>0%</td><td>0-10%</td></tr>
<tr><td>Australian fixed income</td><td>10%</td><td>0-20%</td></tr>
<tr><td>Global fixed income</td><td>5%</td><td>0-20%</td></tr>
<tr><td>Total defensive assets</td><td>15%</td><td>10-20%</td></tr>
<tr><td>Australian shares</td><td>37%</td><td>20-50%</td></tr>
<tr><td>Global shares</td><td>44%</td><td>20-55%</td></tr>
<tr><td>Global property securities</td><td>4%</td><td>0-15%</td></tr>
<tr><td>Total growth assets</td><td>85%</td><td>80-90%</td></tr>
</table></td></tr>
<tr><td>Benchmark</td><td>A combination of market indices, weighted according to the benchmark asset allocation. This 'composite benchmark' is explained on page 10. Details of the portfolio's current benchmark are available on mlc.com.au</td></tr>
</table>

# MLC Index Plus portfolios

| | **MLC Index Plus Growth Portfolio** continued |
|---|---|
| **Long-term returns** | The graph below shows how broad the range of investment market returns have been over more than 100 years. It illustrates that historically, the longer the investment time period the narrower the range of returns. |

**Ranges of returns for the portfolio's benchmark asset allocation based on investment market returns from 1900 to 2016 (before fees and tax)**




| Time period | Highest return | Middle return | Lowest return | Most of the returns are between |
|---|---|---|---|---|
| **1 year return (%)** | 57 | 10 | -32 | 42 and -15 |
| **20 years return (% pa)** | 19 | 10 | 5 | 17 and 7 |

Source: Calculated by us using the benchmark asset allocation as at 31 March 2016 and investment market data from Global Financial Data, Inc. and Thompson Reuters Datastream.

These historical ranges of returns are for investment markets weighted according to the portfolio's benchmark asset allocation. Historical returns aren't a reliable indicator of the portfolio's future investment returns.

As the portfolio relies largely on investment markets to generate returns, it's impossible to predict the actual return the portfolio will deliver in future.

| | | |
|---|---|---|
| **Estimated number of negative annual returns** | High, between 4 and 5 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) | 0.42 |
| **Buy-sell spreads** | Entry/Exit (%) | 0.05/0.05 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not applicable | |

# MLC asset class funds

## Fixed income

| | MLC Diversified Debt Fund | |
|---|---|---|
| **Investment objective** | Aims to outperform the composite benchmark of 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Barclays Capital Global Aggregate Bond Index (hedged into Australian dollars), before fees and tax, over 3 year periods. | |
| **Investment approach** | The fund is diversified across different types of fixed income securities in Australia and around the world. The securities are predominantly investment grade and typically longer dated. The average term to maturity is normally in the range of 3 to 6 years.<br>**Foreign currency exposures will generally be substantially hedged to the Australian dollar.**<br>As a result of capital restructures of bond issuers, the fund may have an incidental exposure to shares from time to time. | |
| **The investment option may be suited to you if …** | • you want to invest in a defensive portfolio that's actively managed and diversified across investment managers, types of fixed income, countries and securities. | |
| **Minimum suggested time to invest** | 3 to 5 years | |
| **Target asset allocation (at 31 March 2016)** | 48% | Australian fixed income |
| | 52% | Global fixed income |
| **Benchmark** | 50% | Bloomberg AusBond Composite 0+ Yr Index and |
| | 50% | Barclays Capital Global Aggregate Bond Index (hedged into Australian dollars) |
| **Estimated number of negative annual returns** | Low to medium, between 1 and 2 years in 20 years. | |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) | 0.52 |
| **Buy-sell spreads** | Entry/Exit (%) | Nil/Nil |

# MLC asset class funds

## Property securities

| | MLC Property Securities Fund | MLC Global Property Fund |
|---|---|---|
| **Investment objective** | Aims to outperform the S&P/ASX 300 A-REIT Accumulation Index, before fees and tax, over 5 year periods. | Aims to outperform the FTSE EPRA/NAREIT Global Developed Index (hedged into Australian dollars), before fees and tax, over 5 year periods. |
| **Investment approach** | The fund invests primarily in Australian property securities, including listed Real Estate Investment Trusts and companies across most major listed property sectors. It doesn't normally invest in direct property, but may have some exposure to property securities listed outside of Australia from time to time.<br>Foreign currency exposures will generally be substantially hedged to the Australian dollar. | The fund invests primarily in property securities around the world, including listed Real Estate Investment Trusts and companies across most major listed property sectors. It doesn't normally invest in direct property.<br>Foreign currency exposures will generally be substantially hedged to the Australian dollar. |
| **The investment option may be suited to you if ...** | • you want to invest in an actively managed property securities portfolio that invests in Australia, with some global exposure, and diversifies across property sectors and Real Estate Investment Trusts<br>• you want long-term growth in the value of your investment, and<br>• you understand that there can be fluctuations in the value of your investment. | • you want to invest in an actively managed global property securities portfolio that's diversified across investment managers, countries, property sectors and Real Estate Investment Trusts<br>• you want long-term growth in the value of your investment<br>• you understand that there can be fluctuations in the value of your investment, and<br>• you want foreign currency exposures to be mostly hedged to the Australian dollar. |
| **Minimum suggested time to invest** | 7 years | 7 years |
| **Target asset allocation (at 31 March 2016)** | 85–100% Australian property securities<br>0–15% Global property securities | 100% Global property securities |
| **Benchmark** | S&P/ASX 300 A-REIT Accumulation Index | FTSE EPRA/NAREIT Global Developed Index (hedged into Australian dollars) |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. | High, between 4 and 5 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.67 | Investment fee (% pa) 0.87 |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.15 | Entry/Exit (%) 0.25/0.15 |

## Australian shares

| | MLC Australian Share Fund |
|---|---|
| **Investment objective** | Aims to outperform the S&P/ASX 200 Accumulation Index, before fees and tax, over 5 year periods. |
| **Investment approach** | The fund invests primarily in companies listed (or expected to be listed) on the Australian Securities Exchange (and other regulated exchanges), and is typically diversified across major listed industry groups. It may have a small exposure to companies listed outside of Australia from time to time. |
| **The investment option may be suited to you if ...** | • you want to invest in an actively managed Australian share portfolio that's diversified across investment managers, industries and companies<br>• you want long-term growth in the value of your investment, and<br>• you understand that there can be very large fluctuations in the value of your investment. |
| **Minimum suggested time to invest** | 7 years |
| **Target asset allocation (at 31 March 2016)** | 100% Australian shares |
| **Benchmark** | S&P/ASX 200 Accumulation Index |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.73 |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.15 |

# MLC asset class funds

## **Australian shares** continued

| | **MLC IncomeBuilder** |
|---|---|
| **Investment objective** | Aims to provide an income stream (excluding capital gains) that grows each year, by investing primarily in Australian shares. |
| **Investment approach** | The fund invests primarily in Australian companies that have the potential to provide future growth in dividends.<br>The fund is expected to generate tax-efficient returns by:<br>• investing in companies expected to have high franking levels, and<br>• carefully managing the realisation of capital gains.<br>The fund is expected to provide returns consistent with investing in a broad range of Australian companies. Income is reinvested in the fund. |
| **The investment option may be suited to you if …** | • you want to invest in shares in Australian companies that are expected to deliver a growing dividend stream over time. |
| **Minimum suggested time to invest** | 7 years |
| **Target asset allocation (at 31 March 2016)** | 100% Australian shares |
| **Benchmark** | Not applicable |
| **Estimated number of negative annual returns** | Very high, 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.72 |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.15 |

## Global shares

| | MLC Global Share Fund | MLC Hedged Global Share Fund |
|---|---|---|
| **Investment objective** | Aims to outperform the MSCI All Country World Index, before fees, over 5 year periods. | Aims to outperform the MSCI All Country World Index (hedged into Australian dollars), before fees, over 5 year periods. |
| **Investment approach** | The fund invests primarily in companies listed (or expected to be listed) on share markets anywhere around the world, and is typically diversified across major listed industry groups.<br>**Foreign currency exposures will generally not be hedged to the Australian dollar.** | The fund invests primarily in companies listed (or expected to be listed) on share markets anywhere around the world, and is typically diversified across major listed industry groups.<br>**Foreign currency exposures will generally be substantially hedged to the Australian dollar.** |
| **The investment option may be suited to you if …** | • you want to invest in an actively managed global share portfolio that's diversified across investment managers, countries (developed and emerging), industries and companies,<br>• you want long-term growth in the value of your investment<br>• you understand that there can be very large fluctuations in the value of your investment, and<br>• you're comfortable having foreign currency exposure. | • you want to invest in an actively managed global share portfolio that's diversified across investment managers, countries (developed and emerging), industries and companies,<br>• you want long-term growth in the value of your investment<br>• you understand that there can be very large fluctuations in the value of your investment, and<br>• you want foreign currency exposures to be mostly hedged to the Australian dollar. |
| **Minimum suggested time to invest** | 7 years | 7 years |
| **Target asset allocation (at 31 March 2016)** | 100% Global shares | 100% Global shares |
| **Benchmark** | MSCI All Country World Index | MSCI All Country World Index (hedged into Australian dollars) |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.85 | Investment fee (% pa) 0.90 |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.10 | Entry/Exit (%) 0.15/0.10 |

# Cash

| | MLC Cash Fund |
|---|---|
| **Investment objective** | Aims to outperform the Reserve Bank of Australia's Cash Rate Target, before fees and tax, over 1 year periods. |
| **Investment approach** | The fund invests in deposits with banks (100% National Australia Bank as at 31 March 2016) and may also invest in other comparable high quality securities. |
| **The investment option may be suited to you if ...** | • you want to invest in a low risk cash portfolio. |
| **Minimum suggested time to invest** | No minimum |
| **Target asset allocation (at 31 March 2016)** | 100% Cash |
| **Benchmark** | Reserve bank of Australia's Cash Rate Target. |
| **Estimated number of negative annual returns** | Low, less than 1 year in 20 years. |
| **Indicative investment fee** *Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.25 |
| **Buy-sell spreads** | Entry/Exit (%) Nil/Nil |

# Investment options other than MLC portfolios

## These are single asset class investment options from other managers.

To recognise some investors want extra options when it comes to managing their money, the investment menu includes options from other managers that don't use our approach to investing, for you and your financial adviser to choose from.

An overview of each manager's investment objective and their investment approach is provided. You can find further details on each investment option in the managers' PDS on **mlc.com.au/findafund**

The indicative investment fees will include any costs incurred by us and rebates from the managers.

# Investment options other than MLC portfolios

## Fixed income

| | Vanguard® Australian Fixed Interest Index Fund |
|---|---|
| **Investment objective** | To track the return (income and capital appreciation) of the Bloomberg AusBond Composite 0+ Yr Index before taking into account fund fees, expenses and tax. |
| **Investment approach** | The Bloomberg AusBond Composite 0+ Yr Index is a value-weighted index of approximately 500 securities (bonds) issued by the Commonwealth Government of Australia, State Government authorities and treasury corporations, as well as investment-grade corporate issuers. Investment-grade issuers are defined as those rated BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's. Bond indices change far more quickly than share indices because bonds have a finite life (maturity). Every maturity and inclusion of new issues changes the composition of the index and requires Vanguard to modify the portfolio. |
| **The investment option may be suited to you if ...** | • you want a medium-term investment horizon, seeking a steady and reliable income stream. |
| **Minimum suggested time to invest** | 3 years |
| **Target asset allocation** | 100% Australian debt securities |
| **Market benchmark** | Bloomberg AusBond Composite 0+ Yr Index |
| **Estimated number of negative annual returns** | Medium to high, between 3 and 4 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.39 |
| **Buy-sell spreads** | Entry/Exit (%) 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available |

## Vanguard® International Fixed Interest Index Fund (Hedged)

To track the return (income and capital appreciation) of the Barclays Global Treasury Index hedged into Australian dollars before taking into account fund fees, expenses and tax.

The Barclays Global Treasury Index is a value-weighted index of approximately 1,200 securities (bonds) issued by the governments of approximately 34 countries. Bond indices change far more quickly than share indices because bonds have a finite life (maturity). Every maturity and inclusion of new issues changes the composition of the index and requires Vanguard to modify the portfolio.

- you want a medium term investment
  horizon, seeking exposure to a diversified portfolio of international government fixed interest securities.

5 years

| | |
|---|---|
| 100% | Global debt securities (hedged) |

Barclays Global Treasury Index Hedged into Australian dollars

Medium, between 2 and 3 years in 20 years.

| | |
|---|---|
| Investment fee (% pa) | 0.44 |

| | |
|---|---|
| Entry/Exit (%) | 0.10/0.10 |

Not available

# Investment options other than MLC portfolios

## Property securities

| | Vanguard® Australian Property Securities Index Fund | |
|---|---|---|
| **Investment objective** | To track the return (income and capital appreciation) of the S&P/ASX 300 A-REIT Index before taking into account fund fees, expenses and tax. | |
| **Investment approach** | The S&P/ASX 300 A-REIT Index comprises between 20 and 30 property securities (shares) listed on the Australian Securities Exchange (ASX). The number of securities in the index may vary from time to time. These securities are Real Estate Investment Trusts and companies that own real estate assets and derive a significant proportion of their revenue from rental income. The fund will hold all of the securities in the index most of the time, allowing for individual security weightings to vary marginally from the index from time to time. The fund may invest in securities that have been removed from or are expected to be included in the index. | |
| **The investment option may be suited to you if …** | You want long-term capital growth, some tax-effective income, and you have a higher tolerance for the risks associated with share market volatility. | |
| **Minimum suggested time to invest** | 5 years | |
| **Target asset allocation** | 100% | Australian property securities |
| **Market benchmark** | S&P/ASX 300 A-REIT Index | |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. | |
| **Indicative investment fee** *Actual fees may be different to the estimates shown.* | Investment fee (% pa) | 0.44 |
| **Buy-sell spreads** | Entry/Exit (%) | 0.10/0.10 |
| **Estimated indirect cost ratio (% pa)** *Actual fees may be different to the estimates shown.* | Not available | |

## Australian shares

| | Antares Elite Opportunities Fund |
|---|---|
| **Investment objective** | To outperform the S&P/ASX 200 Accumulation Index by 4% pa (before fees) over a rolling five-year period. |
| **Investment approach** | The fund is a concentrated portfolio of Australian shares containing only Antares' highest conviction ideas.<br>The fund is relatively unconstrained at the stock and sector level allowing Antares to invest in their best ideas.<br>Antares follows a bottom-up investment process, which means investment decisions are made by undertaking in-depth proprietary research and analysis of individual companies and securities.<br>In general, Antares aims to invest in companies where the current share price does not fully reflect its view of the potential value of the company's business. Through company contact and detailed financial and non-financial analysis, Antares' research analysts gain a first-hand understanding of Australian businesses and the industries in which they operate.<br>Antares is wholly owned by the NAB Group. |
| **The investment option may be suited to you if ...** | • you want to invest in a highly concentrated portfolio of Australian companies managed by a specialist manager<br>• you are seeking long-term capital growth, and<br>• you can tolerate fluctuations and the risk of capital loss. |
| **Minimum suggested time to invest** | 5 years |
| **Target asset allocation** | 95–100% Australian shares<br>0–5% Cash and cash equivalents |
| **Market benchmark** | S&P/ASX 200 Accumulation Index |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 0.70<br>Estimated performance fee (% pa) 0.00<br>**Total (% pa) 0.70** |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.15 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available |

# Investment options other than MLC portfolios

## **Australian shares** continued

| | **Antares High Growth Shares Fund** |
|---|---|
| **Investment objective** | To outperform the S&P/ASX 200 Accumulation Index by 5% pa (before fees) over a rolling five-year period. |
| **Investment approach** | The fund is an actively managed portfolio of Australian listed shares investing in both long and short positions, using active trading, along with the use of derivatives to enhance returns for investors.<br>Antares applies their investment expertise and stock selection capabilities to manage the fund. Antares uses the following key strategies:<br>• short selling – Antares may short sell to generate returns in declining markets, provide a hedge to a security or market exposure and increase returns using leverage<br>• enhanced long positions – Antares seeks to amplify the fund's return relative to its benchmark by overweighting those shares they believe to be undervalued<br>• active trading – trading in shares where the fund holds positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change, and<br>• derivatives – Antares uses derivatives to manage the fund efficiently, reduce risk, reduce transactions costs, enhance returns, increase market exposure and reduce market exposure.<br>The fund may become leveraged through borrowing, the use of derivatives and short selling. The net exposure of the fund cannot exceed 100% of the net asset value of the fund.<br>Antares is wholly owned by the NAB Group.<br>This fund is considered a hedge fund by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. More information about this fund is available in the investment manager's PDS available on **mlc.com.au** |
| **The investment option may be suited to you if …** | • you want to invest in an actively managed portfolio of Australian companies managed by a specialist manager<br>• you want the potential for long-term capital growth, and understand the additional risks, of expanding investment opportunities with the use of long/short positions, and<br>• you can tolerate fluctuations and the risk of capital loss. |
| **Minimum suggested time to invest** | 5 years |
| **Target asset allocation** | 90–125% Australian shares (Long)<br>0–25% Australian shares (Short)<br>0–10% Cash and cash equivalents |
| **Market benchmark** | S&P/ASX 200 Accumulation Index |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.00<br>Estimated performance fee (% pa) 0.00<br>**Total (% pa) 1.00** |
| **Buy-sell spreads** | Entry/Exit (%) 0.15/0.15 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available |

| Arnhem Australian Equity Fund | Ausbil Australian Emerging Leaders Fund |
|---|---|
| To provide investors with capital appreciation over the medium term (five years) by investing in Australian listed securities. | To provide returns above the benchmark over the medium to long term, before fees and tax. |
| The fund seeks to be fully invested in 30 to 40 securities listed on the ASX or securities of ASX listed companies that are dual listed on other OECD member countries' stock exchanges. The fund may also invest in non-exchange traded securities where there is a reasonable expectation of listing on the ASX within 6 months. The fund is typically invested in the securities of 35 companies. Arnhem may (but rarely does), when considered worthwhile, use options, futures and other derivatives to reduce risk or gain exposure to physical investments. | The fund invests in mid and small cap stocks primarily chosen from the S&P/ASX 300 Index, but generally excludes securities from the S&P/ASX 50 Leaders Index. At all times the fund will favour sectors and specific companies which it believes will experience positive earnings revisions. |
| You want to invest in an active Australian equities fund. | You wish to benefit from the long-term capital gains available from share investments and are comfortable with fluctuations in capital value in the short to medium term. |
| 5 years | 5 years |
| 95–100% Australian shares<br>0–5% Cash and cash equivalents | 90–100% Australian shares<br>0–10% Cash |
| S&P/ASX 200 Accumulation Index | 70% S&P/ASX Midcap 50 Accumulation Index<br>30% S&P/ASX Small Ordinaries Accumulation Index |
| High, between 5 and 6 years in 20 years. | High, between 6 and 7 years in 20 years. |
| Investment fee (% pa) 0.77 | Investment fee (% pa) 0.95<br>Estimated performance fee (% pa) 0.00<br>**Total (% pa) 0.95** |
| Entry/Exit (%) 0.30/0.30 | Entry/Exit (%) 0.30/0.30 |
| Not available | Not available |

# Investment options other than MLC portfolios

## **Australian shares** continued

| | Fairview Equity Partners Emerging Companies Fund | Investors Mutual Australian Share Fund |
|---|---|---|
| **Investment objective** | Aims to earn a return (after the fund's management fees) which exceeds the S&P/ASX Small Ordinaries Accumulation Index. | To provide a return (after fees and expenses and before taxes) which exceeds the S&P/ASX 300 Accumulation Index, over rolling four year periods. |
| **Investment approach** | Fairview believes that opportunities for identifying mispriced securities are greatest within the smaller companies segment of the market, primarily because many of these companies tend to be under researched and accordingly have the potential to offer investors significant upside.<br>Fairview is a core active investment manager that employs a disciplined, multi-faceted strategy for stock selection. This collaborative approach is research driven, combining high levels of company contact, detailed analysis, a robust peer review process and appropriate risk controls.<br>The NAB group holds a minority interest in the investment manager, Fairview. | The Fund will invest in a diversified portfolio of quality ASX listed Australian & New Zealand industrial and resource shares, where these shares are identified by our investment team as being undervalued. |
| **The investment option may be suited to you if …** | • you believe in the greater long-term wealth creation potential of shares<br>• you wish to benefit from an actively managed Australian smaller companies portfolio managed by a specialist investment manager<br>• you want to diversify your Australian share portfolio to include access to a range of small and emerging companies that show strong growth potential, and<br>• you're able to accept the volatility of investing in growth assets. | You want to invest in a portfolio of ASX listed Australian and New Zealand industrial and resource shares. |
| **Minimum suggested time to invest** | 5 years | 4 to 5 years |
| **Target asset allocation** | 90–100% Australian shares<br>0–10% Cash and cash equivalents | 90–100% Australian shares<br>0–10% Cash |
| **Market benchmark** | S&P/ASX Small Ordinaries Accumulation Index | S&P/ASX 300 Accumulation Index |
| **Estimated number of negative annual returns** | Very high, between 6 and 7 years in 20 years. | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.20<br>Estimated performance fee (% pa) 2.02<br>**Total (% pa) 3.22** | Investment fee (% pa) 0.94 |
| **Buy-sell spreads** | Entry/Exit (%) 0.30/0.30 | Entry/Exit (%) 0.25/0.25 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available | Not available |

| MLC-Vanguard Australian Share Index Fund | Perennial Value Shares Wholesale Trust |
|---|---|
| Aims to match the return of the S&P/ASX 200 Accumulation Index, before taking into account fees, expenses and tax. | To provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis. |
| A representative sample of shares is selected from the Index to form the portfolio. Individual security weightings may vary marginally from the Index from time to time. The fund may invest in securities that have been, or are expected to be, included in the Index. | The fund invests in a range of companies listed (or soon to be listed) on the ASX which Perennial Value, the investment manager, believes have sustainable operations and whose share prices offer good value.<br>The portfolio will hold in the range of 20–70 stocks. |
| • you want to invest in a portfolio of Australian shares that produces similar returns to the market<br>• you want long-term growth in the value of your investment and some income, and<br>• you understand that there can be very large fluctuations in income and the value of your investment. | You have an investment horizon of five or more years and seek exposure to a portfolio of Australian 'value oriented' companies. |
| 7 years | 5 years |
| 100% Australian shares | 90–100% Australian shares<br>0–10% Cash |
| S&P/ASX 200 Accumulation Index | S&P/ASX 300 Accumulation Index |
| Very high, 6 years in 20 years. | High, between 5 and 6 years in 20 years. |
| Investment fee (% pa) 0.27 | Investment fee (% pa) 0.92 |
| Entry/Exit (%) 0.05/0.05 | Entry/Exit (%) 0.30/0.30 |
| Not available | Not available |

# Investment options other than MLC portfolios

## **Australian shares** continued

| | Perpetual Wholesale Australian Share Fund | Perpetual Wholesale Ethical SRI Fund |
|---|---|---|
| **Investment objective** | Aims to provide long-term capital growth and regular income through investment in quality industrial and resource shares and outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods. | Aims to provide long-term capital growth and regular income through investment in quality shares of socially responsible companies and outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods. |
| **Investment approach** | Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. Investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business, and for industrial shares companies, recurring earnings.<br>The Fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange, but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time. Derivatives may be used in managing the Fund. | Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. Investments are carefully selected on the basis of four key investment criteria:<br>conservative debt levels, sound management, quality business, and for industrial companies shares, recurring earnings. Perpetual also utilises a strategy for screening ethical and socially responsible investments.<br>The Fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange, but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time. Derivatives may be used in managing the Fund. |
| **The investment option may be suited to you if ...** | You want to invest in an active Australian shares fund. | You want to invest in an Australian shares fund that invests in socially responsible companies. |
| **Minimum suggested time to invest** | 5 years | 5 years |
| **Target asset allocation** | 90–100% Australian shares<br>0–10% Cash | 90–100% Australian shares<br>0–10% Cash |
| **Market benchmark** | S&P/ASX 300 Accumulation Index | S&P/ASX 300 Accumulation Index |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.06 | Investment fee (% pa) 1.00 |
| **Buy-sell spreads** | Entry/Exit (%) 0.30/Nil | Entry/Exit (%) 0.15/0.15 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available | Not available |

| Perpetual Wholesale Smaller Companies Fund No. 2 | Schroder Wholesale Australian Equity Fund |
|---|---|
| Aims to provide long-term capital growth and income through investment in quality Australian industrial and resources shares which, when first acquired, do not rank in the S&P/ASX 50 Index and outperform the S&P/ASX Small Ordinaries Accumulation Index (before fees and taxes) over rolling three-year periods. | To outperform the S&P/ASX 200 Accumulation Index after fees over the medium to long term by investing in a broad range of companies from Australia and New Zealand. |
| Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. Investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business, and for industrial companies shares, recurring earnings.<br>The Fund may invest in shares listed on or proposed to be listed on any recognised Australian exchange.<br>Derivatives may be used in managing the Fund. | Schroder's investment philosophy is corporate value creation or the ability to generate returns on capital higher than the cost of capital. This leads to sustainable share price out-performance in the long term. The investment process is a combination of qualitative industry and company competitive position analysis, and quantitative financial forecasts and valuations. |
| You want to invest in a smaller companies Australian shares fund. | You want to invest in an active Australian shares fund. |
| 5 years | 3 to 5 years |
| 80–100% Australian smaller companies shares<br>0–20% Cash | 100% Australian shares |
| S&P/ASX Small Ordinaries Accumulation Index | S&P/ASX 200 Accumulation Index |
| High, between 6 and 7 years in 20 years. | High, between 5 and 6 years in 20 years. |
| Investment fee (% pa) 1.45 | Investment fee (% pa) 0.77 |
| Entry/Exit (%) 0.15/0.15 | Entry/Exit (%) 0.25/0.25 |
| Not available | Not available |

# Investment options other than MLC portfolios

## Global shares

| | Altrinsic Global Equities Trust |
|---|---|
| **Investment objective** | Aims to deliver long-term capital growth and to outperform the MSCI All Country World Index (ex-Australia) Net Dividends Reinvested ($A) over rolling five year periods, before fees and taxes. |
| **Investment approach** | Altrinsic is a high conviction fundamental value oriented global shares manager. Altrinsic specialises in company research and identifies investment opportunities across the full market capitalisation spectrum in both developed and emerging markets.<br>Altrinsic's investment philosophy is based on the belief that a company's valuation is a function of its future financial productivity (ie return on capital relative to the cost of capital) adjusted for associated risk.<br>The firm implements this philosophy by capitalising on mispriced securities in the world's share markets and by taking a long-term view and leveraging Altrinsic's:<br>• individual company analysis<br>• global industry knowledge, and<br>• a distinctive cross-border frame of reference.<br>**The fund's exposure to international assets will not be hedged to the Australian dollar.**<br>However, if the fund becomes overweight in a currency due to stock selection, Altrinsic may enter into currency hedging contracts to reduce that currency exposure.<br>The NAB group holds a minority interest in the investment manager, Altrinsic. |
| **The investment option may be suited to you if ...** | • you want a portfolio of companies from around the world managed by a specialist global shares manager<br>• you want to invest in a portfolio focused on long-term capital growth<br>• you can tolerate fluctations and the risk of capital losss, and<br>• you're comfortable having foreign currency exposure ie currency risk. |
| **Minimum suggested time to invest** | 5 years |
| **Target asset allocation** | 50–100% Global developed markets<br>0–30% Global emerging markets<br>0–20% Cash and cash equivalents<br>Up to 15% of the fund may be invested in small cap stocks (US$1.5 billion or less market capitalisation) |
| **Market benchmark** | MSCI All Country World Index (ex-Australia) Net Dividends Reinvested ($A) |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.25 |
| **Buy-sell spreads** | Entry/Exit (%) 0.30/0.30 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | Not available |

| Platinum Asia Fund | Platinum International Fund |
|---|---|
| To provide capital growth over the long-term through searching out undervalued listed (and unlisted) investments in the Asian region excluding Japan. | To provide capital growth over the long-term through searching out undervalued listed (and unlisted) investments around the world. |
| The fund primarily invests in the listed securities of Asian companies. The fund will ideally consist of 75 to 100 securities that Platinum believes to be undervalued by the market. Cash may be held when undervalued securities cannot be found. Platinum may short sell securities that it considers overvalued. The Portfolio will typically have 50% or more net equity exposure. Derivatives may be used for risk management purposes and to take opportunities to increase returns.<br>The underlying value of derivatives may not exceed 100% of the Net Asset Value (NAV) of the fund and the underlying value of the long stock positions and derivatives will not exceed 150% of the NAV of the fund. Currency exposures are actively managed.<br>This fund is considered a hedge fund by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. More information about this fund is available in the investment manager's PDS available on **mlc.com.au/findafund** | The fund primarily invests in listed securities. The Portfolio will ideally consist of 100 to 200 securities that Platinum believes to be undervalued by the market. Cash may be held when undervalued securities cannot be found. Platinum may short sell securities that it considers overvalued.<br>The fund will typically have 50% or more net equity exposure. Derivatives may be used for risk management purposes and to increase returns. The underlying value of derivatives may not exceed 100% of the Net Asset Value (NAV) of the fund and the underlying value of long stock positions and derivatives will not exceed 150% of the NAV of the fund. Currency exposures are actively managed.<br>This fund is considered a hedge fund by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. More information about this fund is available in the investment manager's PDS available on **mlc.com.au/findafund** |
| • you believe in long-term wealth creation potential of share investments;<br>• you wish to achieve investment diversification by accessing Asian share market opportunities; and<br>• you accept that returns over the shorter term may fluctuate and that returns may even be negative. | • you believe in the long-term wealth creation potential of share investments;<br>• you wish to achieve investment diversification by accessing international share market opportunities; and<br>• you accept that returns over the shorter term may fluctuate and that returns may even be negative. |
| 5 years | 5 years |
| 0–100% Global shares<br>0–100% Cash | 0–100% Global shares<br>0–100% Cash |
| MSCI All Country Asia ex Japan Net Index | MSCI All Country World Net Index |
| Very high, above 6 years in 20 years. | High, between 5 and 6 years in 20 years. |
| Investment fee (% pa) 1.54 | Investment fee (% pa) 1.54 |
| Entry/Exit (%) 0.25/0.25 | Entry/Exit (%) 0.25/0.25 |
| Not available | Not available |

# Investment options other than MLC portfolios

## **Global shares** continued

| | **PM CAPITAL Global Companies Fund** |
|---|---|
| **Investment objective** | To provide long term capital growth and outperform the greater of the MSCI All Country World Net Total Return Index (AUD) or RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index. |
| **Investment approach** | PM CAPITAL believes that the best way to preserve and enhance wealth is to 'buy a good business at a good price'. The fund will typically hold between 25-45 globally listed equities, and may:<br>• invest in cash (up to 100% of assets) if it cannot find appropriate investments, or<br>• use leverage<br>• use option strategies<br>• hold interest bearing debt securities<br>• use derivatives, and<br>• short sell stocks.<br>This fund is considered a hedge fund by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. More information about this fund is available in the investment manager's PDS available on **mlc.com.au/findafund** |
| **The investment option may be suited to you if ...** | You're comfortable with the risks involved in share market investing and are prepared to take a genuine long-term investment horizon. |
| **Minimum suggested time to invest** | 7 years |
| **Target asset allocation** | Net Asset allocation range (incl. derivatives)<br>0–110% Global Equities<br>0–30% Debt securities<br>0–10% Other (MIS, unlisted investments)<br>0–100% Cash |
| **Market benchmark** | MSCI World Net Total Return Index |
| **Estimated number of negative annual returns** | High, between 5 and 6 years in 20 years. |
| **Indicative investment fee**<br>*Actual fees may be different to the estimates shown.* | Investment fee (% pa) 1.29<br>Estimated performance fee (% pa) 1.49<br>**Total (% pa) 2.78** |
| **Buy-sell spreads** | Entry/Exit (%) 0.25/0.25 |
| **Estimated indirect cost ratio (% pa)**<br>*Actual fees may be different to the estimates shown.* | 0.37 |

| Vanguard® International Shares Index Fund | Vanguard® International Shares Index Fund (Hedged) |
|---|---|
| To track the return (income and capital appreciation) of the MSCI World (ex-Australia) Index (net dividends reinvested), in Australian dollars, before taking into account fund fees, expenses and tax. | To track the return (income and capital appreciation) of the MSCI World (ex-Australia) Index (net dividends reinvested), hedged into Australian dollars, before taking into account fund fees, expenses and tax. |
| The fund will hold most of the securities in the Index, allowing for individual security weightings to vary from the Index from time to time. The fund may invest in securities that have been removed, or are expected to be included in the Index. The fund will be fully exposed to the fluctuating values of foreign currencies, as there will not be any hedging of foreign currencies to the Australian dollar. | The fund meets its investment objective by investing in the Vanguard International Shares Index Fund, forward foreign exchange contracts and futures. Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the index. |
| You are seeking long-term capital growth, some income, international diversification, and with a higher tolerance for the risks associated with share market volatility. | You are seeking long-term capital growth, some income, international diversification, and with a higher tolerance for the risks associated with share market volatility. |
| 7 years | 7 years |
| 100% Global shares | 100% Global shares (hedged) |
| MSCI World (ex-Australia) Index (net dividends reinvested), in Australian dollars | MSCI World (ex-Australia) Index (net dividends reinvested), hedged into Australian dollars |
| High, between 5 and 6 years in 20 years. | Very high, 6 years in 20 years. |
| Investment fee (% pa) 0.38 | Investment fee (% pa) 0.41 |
| Entry/Exit (%) 0.10/0.10 | Entry/Exit (%) 0.12/0.12 |
| Not available | Not available |

# Your notes

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