

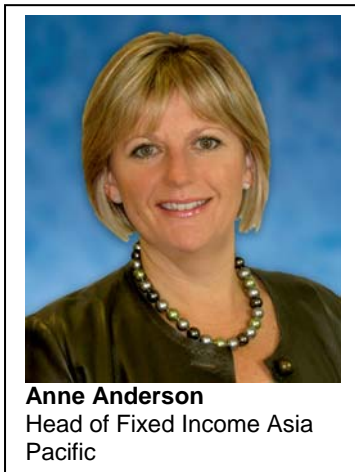
UBS Global Asset Management

- Has managed **Australian bonds** for MLC since 1985
- Manages \$594 billion (AUD) globally, as at 30 June 2011
- Offices in 24 countries
- 3,500 employees

UBS has become a Global Partner of Formula 1

Why has MLC chosen UBS?

UBS's integrated global approach produces superior investment strategy and analysis. Their strong global presence and experienced domestic team positions UBS as a manager of choice for MLC.



Philosophy on investing

UBS are an active fixed income manager. They seek to add risks to the portfolio when they are compensated for doing so and remove them when they are not. UBS rely on their valuation estimates and research of securities, economies and markets to assess the investment opportunities in the fixed income universe. The experience and seasoned judgement of their investment team is an important component of their style.

UBS follow a diversified investment strategy, utilizing the full spectrum of return drivers – duration, yield curve, sector and security selection – to enhance performance. In this way, they can add value over the cycle and not be reliant on a single source of excess return and also minimize volatility and manage liquidity requirements.

Investment process



- UBS employ a rigorous valuation and research framework, combining top-down macroeconomic and quantitative research with company level credit research.
- The valuation and research process is based on the view that markets ultimately converge on fundamentals.
- Strategic decisions are driven by an assessment of whether UBS are being compensated for the risks they are undertaking.
- A focus on diversified sources of excess return and risk analysis to ensure UBS's portfolios perform consistently over the investment cycle.
- The collaboration of portfolio managers, strategists and research analysts.

Staff Involved in the investment process

Anne Anderson (Managing Director, and Head of Fixed Income, Asia Pacific) has overall responsibility for fixed income strategy in Australia. The Australian team is integrated into the global platform with formal links and representation on the Global Fixed Income Management, Investment and Credit Committees. The Australian fixed income team has access to the significant resources of the global team including economic and quantitative research, data & risk analytics, and capabilities management.

The responsibilities of the Australian fixed income team are broadly divided into Strategy, Investment Analysis and Implementation, and Credit research.

Ms Anderson shares responsibility for setting investment strategy with Warren Tease and Tim Van Klaveren.

Name	Qualifications	All Years	UBS Years	Corporate Title	Responsibilities
Portfolio Management - Strategy					
Anne Anderson Managing Director	BEC; MApp Fin	28	18	Head of Fixed Income, Asia Pacific	Overall responsibility for all Asia Pacific fixed income activities in Australia, Hong Kong and Japan. Strategy responsibility for Australian interest rate and sector allocation. Member of the Global Fixed Income Management Committee and Global Fixed Income Investment Committee.
Warren Tease Managing Director	BEC (Hons) ASC. Int Econ Policy Research	25	6	Senior Portfolio Manager	Strategy responsibility for Australian interest rate and sector allocation. Develops global interest rate strategies for implementation across Australian fixed income portfolios. Member of Global Fixed Income Investment Committee.
Tim van Klaveren Executive Director	BBus (Hons); CFA; CPA	21	17	Senior Portfolio Manager	Strategy responsibility for Australian sector allocation and non-government security selection in Australian credit and composite bond strategies. Translation and implementation of strategy in Australian composite bond portfolios.

In addition, the Australian team has:

- 4 portfolio managers who are responsible for analysis and implementation;
- 2 credit analysts (backed up by a further 22 analysts around the globe);
- 2 other fixed income roles, overseeing investment communication, and data and risk analysis.

Stock story

In the middle of 2010, market fears grew of global growth dropping back into recession. At the time, Greece and other peripheral European countries were showing fiscal strains, and this put further pressure on the market. With this backdrop, the Australian market moved to price out the likelihood that the RBA would need to raise rates any further. UBS took the view that – despite these global developments - growth in Australia would remain strong; in particular they believed that export growth to China and the rest of North Asia was set to continue. UBS also took the view that the quantitative easing that the US Federal Reserve was undertaking would underwrite US growth. This led UBS to hold a defensive interest rate stance throughout this period, until early Q3'10. Bond yields sold off from August '10 through to the end of the year.

Another theme in UBS's fixed income funds throughout 2010 and into 2011 was their preference to be overweight corporate securities. Companies have dramatically reshaped their balance sheets - deleveraging and building up their levels of cash – and corporate profitability has been strong. Technical factors such as ample liquidity and a limited supply of new issues in UBS's market have provided further support to the positive backdrop for corporate bonds.

This position may no longer be in UBS's portfolio as their view may have changed since this document was prepared.



Disclaimer:

The information contained in this material has been provided to you by MLC Limited (ABN 90 000 000 402) and MLC Investments Limited (ABN 30 002 641 661) and is intended as general information only for residents of Australia. It is not intended to be a solicitation from UBS to invest in any of its products directly, or to engage UBS directly. The information is current as at 19 September 2011, except for the amount managed which is updated as stated. It has not been prepared to take into account individual investment objectives, financial situation or investment needs. Prior to making an investment decision, you should assess whether the information in this material is appropriate to your particular investment objectives, financial situation or investment needs. It is recommended that you obtain financial advice specific to your situation before making any financial investment or insurance decision. Past performance is not indicative of future performance. The future value of your investment may rise and fall with changes in the market.

An investment with MLC Limited or MLC Investments Limited does not represent a deposit with, or a liability of National Australia Bank Limited (ABN 12 004 044 937) or other member company of the National group of companies and is subject to investment risk including possible delays in repayment and loss of income and capital invested.

None of MLC Limited or MLC Investments Limited or other member companies in the National Group of companies, or appointed managers guarantee the capital value or performance of any specific investments selected by investors except where specified in the current disclosure document.

