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Oaktree Capital Management, L.P.

Oaktree manages **global high yield bonds** for MLC, since 2005.

- Manages \$74 billion, across the company, as at 30 June 2011
- Offices in 10 countries. Based in Los Angeles, California, USA
- Over 605 employees worldwide

Why has MLC chosen Oaktree?

Oaktree was appointed by MLC due to their exceptional research across multiple niche segments of the global debt market. This research results in an informational advantage and provides the insight required for achieving high returns without commensurate risk. Commitment to consistency, protection of capital and superior performance in difficult markets results in an investment style appropriate for MLC's diversified debt strategy.

Oaktree has significant access to both public and private loan market opportunities which MLC has been able to take advantage of when opportunities arise.

Oaktree and its Principals and employees actively participate in and financially support a broad range of charitable activities. Many Principals and senior employees serve on charitable boards or hold other leadership positions in charitable organisations, and have been recognised for their contributions. Additionally, Oaktree encourages all of its employees to give back to their communities, in part by lending its corporate support to local charitable causes. Oaktree funds all of its charitable donations at the corporate level or personally, rather than from any of its investment funds.

Philosophy on investing



SHELDON STONE
Principal and Portfolio Manager

Oaktree views high yield debt investing as the conscious bearing of credit risk for profit and acts as a prudent lender rather than a securities trader. Their business is lending money to lower-rated yet creditworthy corporations; the buying and selling of securities is simply the means. They generally buy issues that they believe can be held to maturity.

Oaktree chooses a defensive, research-intensive strategy to allow themselves to simultaneously strive to produce superior results and limit risk. They undertake "hands on" bottom up credit analysis on individual investment opportunities. Oaktree focuses on assessing corporate cash flows and applies proven analysis skills to evaluating the downside risks associated with potential investments. Their detailed and regular corporate financial performance monitoring enables Oaktree to identify

potential credit problems in the portfolio early on and take the appropriate investment decisions to deal with them.

Investment process

Oaktree builds portfolios from the "bottom-up" and ensures broad diversification. For a given credit, the research analyst completes a thorough review of the security (including completion of their proprietary Credit Scoring Matrix) and discusses his or her findings with the portfolio manager. If the security meets Oaktree's credit threshold, it is then considered further in the context of its pricing relative to other available bonds. If it is then subsequently purchased, it is allocated across all eligible portfolios. Each portfolio and security is systematically monitored by the portfolio manager and the analysts on an ongoing basis.

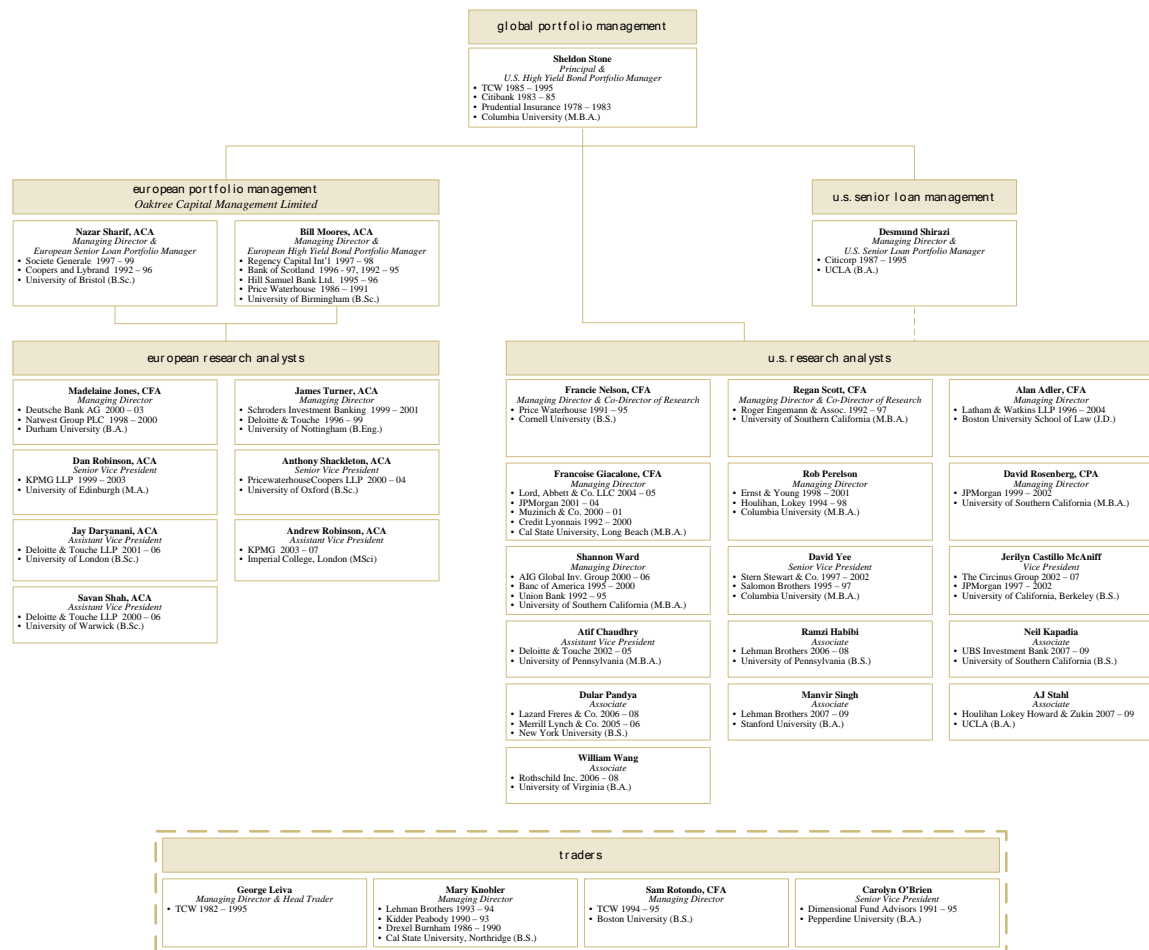


Oaktree's global high yield bond capabilities include both North America and Europe. Their U.S. high yield portfolios invest in dollar-denominated bonds and bank loans of creditworthy North American corporations, while their European high yield portfolios invest in bonds and bank loans of European corporations and the Euro-denominated bonds of issuers domiciled in developed markets. Oaktree's high yield portfolios do not employ equity-like securities (such as convertibles and warrants) or emerging market debt, and they limit their exposure to zero-coupon bonds, interest reset bonds and PIKs. Oaktree does not use derivatives in its high yield portfolios.

Within high yield bond portfolios, Oaktree will opportunistically invest in bank loans where the relative risk/reward of moving up within a company's capital structure is deemed attractive.

Oaktree's high yield debt team is an extraordinarily experienced and credentialed group. They average 16 years of relevant experience and many have worked together for over a decade. Most of the firm's professionals hold advanced business degrees or have completed the CFA program. With backgrounds in accounting and banking, Oaktree's professionals have what they believe to be the most appropriate skill set and experience for their business.

Investment people



HIGH YIELD DEBT MANAGEMENT (BOND AND LOAN PORTFOLIOS)

Sheldon Stone

Principal and Portfolio Manager

Mr. Stone serves as the portfolio manager of Oaktree's U.S. high yield bond activities and has supervisory responsibility for Oaktree's European High Yield Bond, European Credit Opportunities, Senior Loan and Mezzanine Finance strategies. Mr. Stone, a co-founding member of Oaktree in 1995, established TCW's High Yield Bond Department with Mr. Marks in 1985 and ran the department for ten years. Prior to joining TCW, Mr. Stone worked with Mr. Marks at Citibank for two years where he performed credit analysis and managed high yield bond portfolios. From 1978 to 1983, Mr. Stone worked at The Prudential Insurance Company where he was a Director of Corporate Finance, managing a fixed income portfolio exceeding \$1 billion. Mr. Stone holds a B.A. degree from Bowdoin College and an M.B.A. in Accounting and Finance from Columbia University. Mr. Stone serves as chairman of the Investment Committee of the California Community Foundation and chaired Bowdoin College's Investment Committee from 2003 to 2009.

Desmund Shirazi

Managing Director and U.S. Senior Loan Portfolio Manager

Prior to joining Oaktree in 1995, Mr. Shirazi spent eight years at Citicorp in credit research. While at Citicorp, he was responsible for reviewing the credit quality of prospective borrowers and monitoring existing loans. Mr. Shirazi holds a B.A. degree in Economics from the University of California at Los Angeles. In addition, Mr. Shirazi manages Oaktree's Senior Loan Fund.

Francie Nelson, CFA

Managing Director and Co-Director of Research

Ms. Nelson joined Oaktree's operations area in 1995, after serving on the consulting team from Price Waterhouse which helped design and implement Oaktree's back-office operations. In 1996, she transferred to the High Yield Research Group as a Junior Analyst. At Price Waterhouse, she was a Senior Consultant in the Investment Management and Securities Operations Consulting Group, where she served since 1991. Ms. Nelson received a B.S. degree in Mechanical Engineering from Cornell University and is a CFA charterholder.

Regan Scott, CFA

Managing Director and Co-Director of Research

Mr. Scott first joined Oaktree as an intern in 1998 while attending the University of Southern California School of Business, then became a full time Senior Analyst in 1999 after receiving his M.B.A. in Finance. Before attending graduate school, Mr. Scott served as an Equity Research Analyst for five years at Roger Engemann and Associates, a west coast-based money management firm. Mr. Scott holds a B.A. degree in International Relations from the University of Southern California and is a CFA charterholder.

George Leiva

Managing Director and Head Trader

Mr. Leiva joined Oaktree in 1995 after spending 13 years at TCW, where he was a Senior Vice President. His responsibilities at TCW included three years in Operations and 10 years in Trading. He was promoted to High Grade Fixed Income Trader in 1985 and transferred to the High Yield Bond Department as Senior Trader in 1988. Mr. Leiva attended Santa Clara University.



Bond story

Oaktree prides itself on its ability to “work out” problem credits --- although they are relatively rare. In assessing how best to maximize value on a defaulted holdings, Oaktree first estimates the ultimate recovery value; determines how long the restructuring process will take and gauges whether a sale of the bonds is preferable to the ultimate recovery on a workout. In more cases than not, Oaktree chooses to work its way through the recovery. Oaktree’s distressed group (one of the largest in the country) is a great resource for its high yield team when it chooses to participate in a restructuring.

Oaktree’s experience with Radio One, Inc. is a real life example of how the process works. The economic downturn and a weak advertising market negatively impacted radio broadcasters, including Radio One. As a result, the company fell out of compliance with its bank credit facility and entered into discussions with its senior lenders. The company’s bonds dropped in price to the 20s, well below Oaktree’s estimate of fair value. Oaktree didn’t sell any; instead, it rolled up its sleeves to work out the problem.

Oaktree, together with other large bondholders, spent a year or so negotiating various balance sheet fixes with the company. Finally, in November 2010, the bondholders agreed to consummate an exchange offer with the company for a new series of notes that extended the maturities on the bonds by three years. As one of the company’s largest bondholders, Oaktree led the negotiations on the structure and the covenants of these new notes.

Although the exchange offer contemplated a modest discount (95 cents on the dollar), the new notes were issued with a meaningfully higher coupon, offsetting the discount, and much tighter covenants. **Importantly, as part of the exchange offer, the company paid its bondholders (including Oaktree) the interest payment it had failed to make on its notes earlier in the year. Hence, despite the restructuring, Oaktree didn’t suffer a payment default on its investment.** Currently, the new Radio One notes are trading above par.

This bond may no longer be included in Oaktree’s portfolio as their view may have changed since this document was prepared.

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