



Wellington Management Company, LLP

- Manages **global non-government bonds** for MLC, since 2010
- Manages over A\$632 billion, across the company, as at 30 June 2011
- The company is a private partnership, which aligns the interests of the staff with clients.
- Over 75 years of funds management experience, and invested in global bonds since 1995.
- Eleven offices around the world. Based in Boston, USA

MLC has maintained a relationship with Wellington Management for more than 15 years.

Why has MLC chosen Wellington Management?

Wellington Management has a quality and experienced investment team managing global bond portfolios. MLC hired Wellington Management to manage a global non-government bond mandate because of the depth and breadth of their coverage of issuers in the global investment grade credit markets and the high quality of their macro-economic research.



Louis Chabrier,
Senior Vice President,
Partner, and Lead
Portfolio Manager

Investment Philosophy

Wellington Management's approach to the global credit markets focuses primarily on security selection in the investment grade corporate bond market. The investment decision-making process integrates top-down analysis of global investment themes, rigorous fundamental economic analysis, and specialist research on individual credit sectors with bottom-up security selection.

The Global Credit investment approach emphasizes security selection in the global investment grade corporate bond market, while diversifying active risk across:

- Corporate security selection
- Credit sector allocation
- Duration management

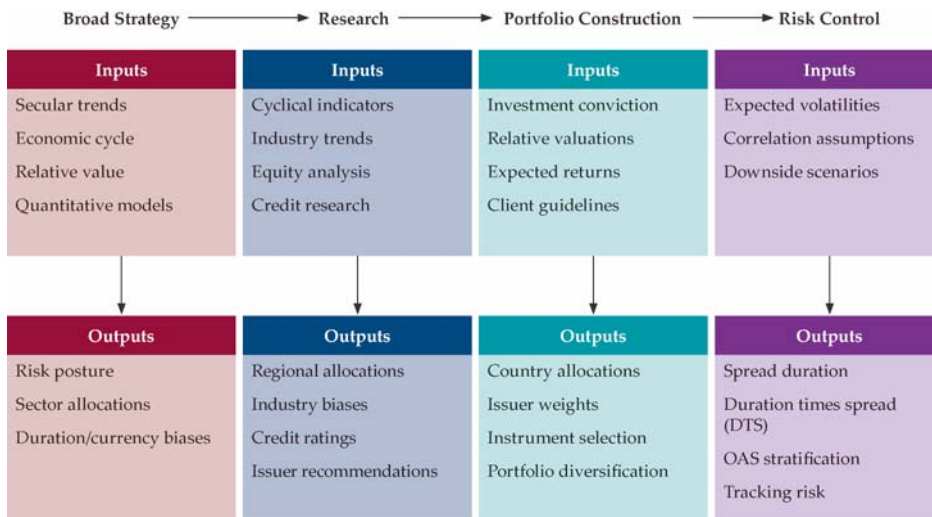
This process is highly interactive, relying on frequent, direct communication between portfolio managers and analysts across the firm.

Investment Process

The investment process can be broken down into four basic steps:

- Broad strategy
- Research
- Portfolio construction
- Risk control





Broad Strategy

The first step in this process is the formulation of a broad-based credit strategy. Investment professionals from across the firm contribute to this process, including Wellington Management's global team of fixed income portfolio managers, macroeconomists, asset allocation strategists, equity analysts and regional and sector specialists. The goal of this process is to determine their broad fundamental credit views, where they are in the credit cycle, the trajectory of global default rates and the risk environment they expect going forward. Based upon these top-down fundamental views, the portfolio management team determines the overall portfolio risk posture, broad sector allocations, as well as any duration biases.

Research

The source of Wellington Management's competitive advantage in evaluating credit risk lies in their commitment to proprietary fundamental research. Wellington Management's 29 fixed income credit analysts and 50 global industry equity analysts are responsible for conducting research on issuers in credit markets around the world. The integration of this bottom-up corporate research with their proprietary macroeconomic, fixed income, currency, equity and commodity research provides them with unparalleled breadth and depth of analysis on sectors, issuers, and individual securities.

Portfolio Construction

Security selection is the responsibility of the portfolio management team, based upon recommendations from Wellington Management's fixed income credit analysts. The portfolio managers ensure that the best ideas from each credit sector are implemented in the Portfolio through a rigorous risk management process that takes into consideration each client's guidelines, return objective, and risk tolerance.

Risk Control

The objective of Wellington Management's risk management framework is to manage active risk while providing real-time feedback into the portfolio construction process. Their multi-dimensional risk management system is detailed, comprehensive and flexible. Risk analysis is conducted at the aggregate portfolio level to determine the portfolio's sensitivity to key external credit risks and stress testing strategies over varying time periods, volatilities, and risk environments.

Investment Personnel

Louis Chabrier

- Fixed Income Portfolio Manager
- BA, New York University, 1989
- 22 years of professional experience

Joseph Ramos

- Fixed Income Portfolio Manager
- MS, Bentley College, 2001
- 18 years of professional experience

Ossi P. Valtanen, CFA

- Fixed Income Portfolio Manager
- BSc, University of Surrey, 1999
- 12 years of professional experience

Aisling Freiheit

- Investment Director, Fixed Income Product Management
- BEc, University of Adelaide, 1988
- 22 years of professional experience

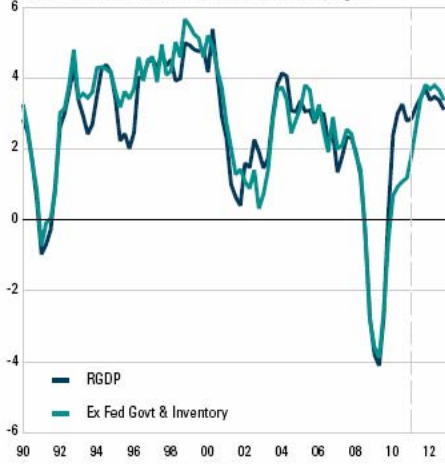
In addition, the Global Credit team also draw on 492 investment professionals at Wellington Management who are engaged in global research and portfolio management. Included among these resources are an additional 47 fixed income portfolio managers, 29 fixed income credit analysts, 50 global industry analysts, 8 macroanalysts, and 26 fixed income traders.

Global Investment Credit Outlook

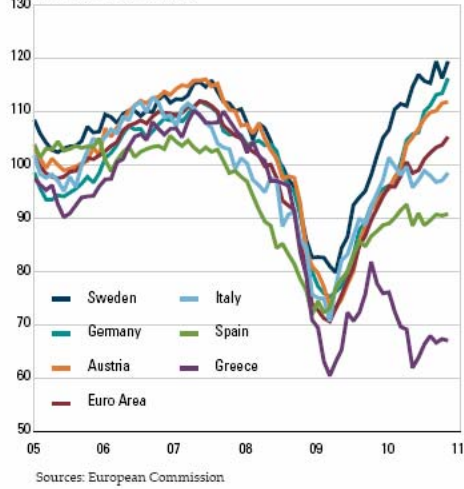
These slides highlight the portfolio management team's current belief that improvement in global economic conditions and continued accommodative monetary policy should drive corporate credit outperformance. The primary concerns continue to be sovereign credit, inflation, and regulatory risk. Corporate credit risk remains attractively valued and more than compensates for potential credit losses. Lack of issuance in other spread sectors should sustain demand for corporate credit.

Global Economic Conditions Are Improving

US: Looking Ahead to Better Quality Growth
Real Gross Domestic Product, Y/Y % Change



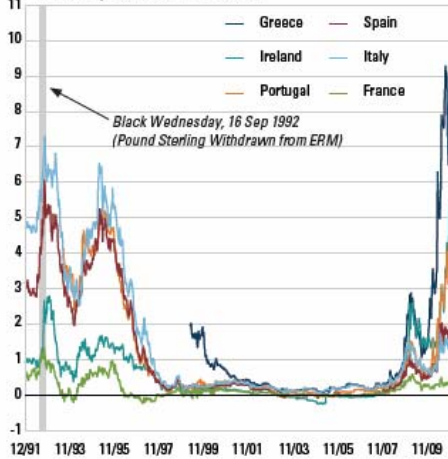
A Visible North/South Growth Divide
Economic Sentiment



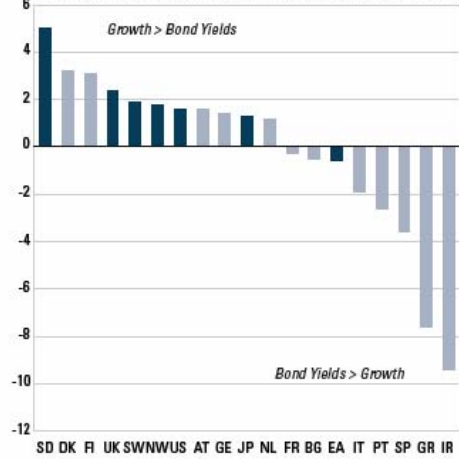
As of 31 December 2010

Sovereign Risk in Europe Crowding Out Banks

10-Year Spreads over Germany

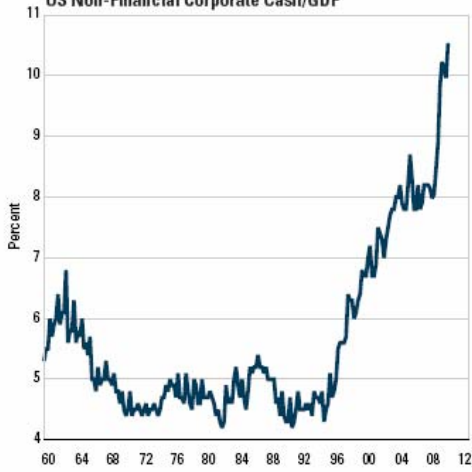


Difference Between Nominal Growth and 10-Year Bond Yield

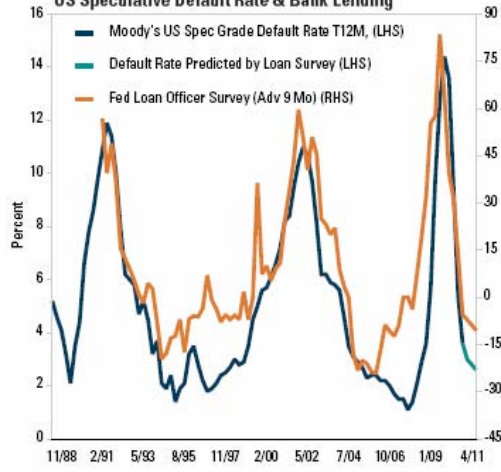


Default Risk Should Continue to Decline

US Non-Financial Corporate Cash/GDP



US Speculative Default Rate & Bank Lending



As of 31 December 2010
R² = 0.76

Sources: Federal Reserve, Bureau of Economic Analysis, Moody's, Wellington Management Company

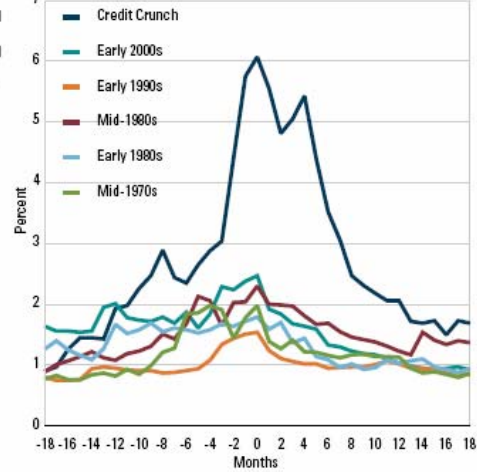
Corporate Valuations Still Attractive in Historical Context

Aaa and Baa Long Corporate Spreads



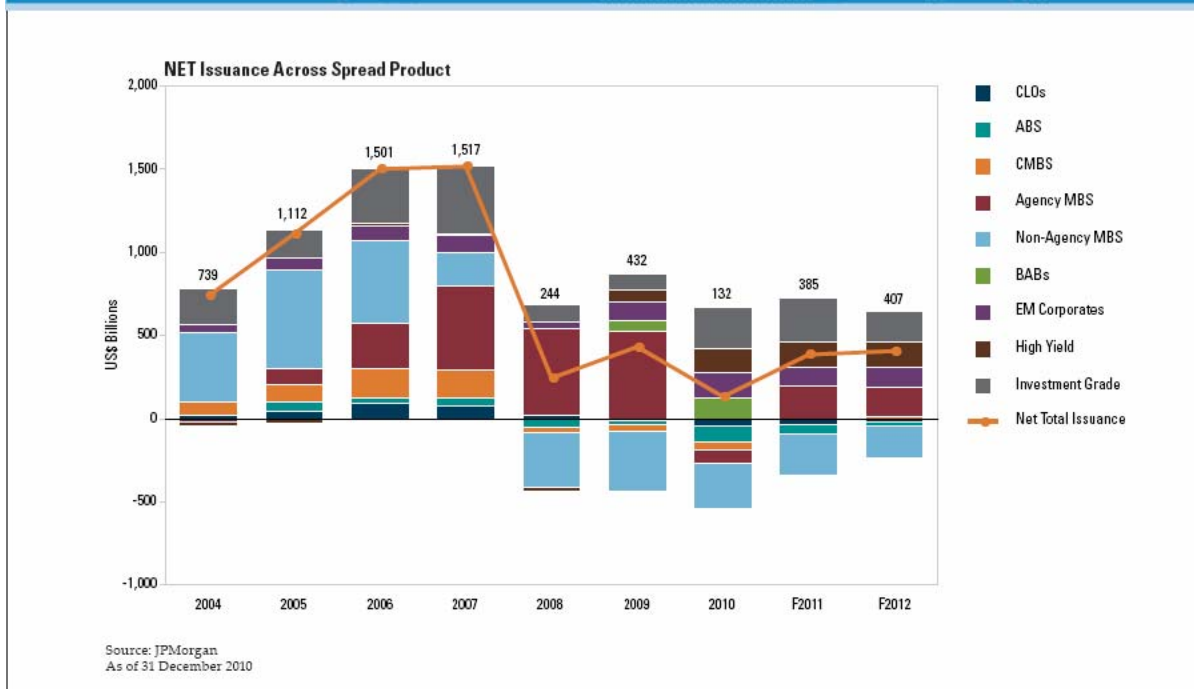
As of 31 December 2010
Sources: Moody's, Haver

US Credit Spread to Worst



Using Option-Adjusted Spreads for the Credit Crunch, Early 2000s, Early 1990s, and using the Spread to Worst data for the Mid-1980s, Early 1980s, and Mid-1970s.
Source: Barclays Capital

Limited Supply a Positive for Spread Product



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