

# 2009 Annual Report

## for The Universal Super Scheme



**This annual report is your update on legislative changes that may be relevant to you, how your money is invested and a reminder of how your account is administered.**

**We've also included an update on how we manage individual investment options.**

**This is the annual report for The Universal Super Scheme and is relevant to:**

MLC MasterKey Super & Pension  
MLC MasterKey Super & Pension Fundamentals  
MLC MasterKey Superannuation  
MLC MasterKey Business Super  
MLC MasterKey Personal Super  
MLC MasterKey Allocated Pension  
MLC MasterKey Term Allocated Pension  
MLC Personal Superannuation  
MLC Super Pension Plan  
The Employee Retirement Plan  
MLC Capital Guaranteed Personal Super Savings Plan  
MLC Capital Guaranteed Personal Super Bond  
MLC Maturity Growth Superannuation Plan  
MLC Whole of Life Superannuation  
MLC Endowment Superannuation  
MLC Pure Endowment Superannuation  
MLC Life Cover Super  
MLC Super Group Insurance

# A year in review

## The past year has been enormously challenging for all super and pension investors.

As the global financial crisis resonated across investment markets, even the most diversified portfolios were impacted.

And with market volatility continuing into 2009, it's understandable many people are concerned about the safety of their super and the future of their retirement savings.

While investment markets have been unsettled, it's important to remember that super remains one of the most tax-effective ways to invest.

What's more, over the longer term, investing in a portfolio of many asset classes remains one of the best ways to generate the income you'll need for retirement.

Here at MLC we have portfolios you can rely on because we make sure they stay true to their objectives.

We do this by strategically managing the asset allocation. And we evolve the portfolios through time as our research identifies new opportunities to increase returns or reduce risk.

Another thing we believe in is keeping you informed about what's going on. That's why we set up the Market Watch website at [mlc.com.au](http://mlc.com.au)

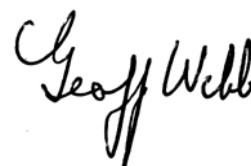
There's a lot of information out there, and it can often be difficult to know what to believe when it comes to investing. Market Watch can help you cut through to the real story as we tackle investment issues in articles, videos and commentaries.

To keep up with news, please register your email address online now for our regular Market Watch updates.

As we go to publication, we're beginning to see more positive signs in investment markets, and some experts are cautiously optimistic. No matter what transpires, we design our portfolios for all sorts of market conditions.

While none of us has the ability to perfectly see what may be around the corner, you can be confident we take the commitment to manage your retirement future very seriously.

Thank you for investing with MLC.



Geoff Webb  
**Chairman**  
**MLC Nominees Pty Limited**

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# Looking out for your interests

## The directors of the Trustee board who look after your account have a variety of work and life experiences which help them represent your interests.

Made up of executive and non-executive directors who are personally responsible for any decisions they make, their duties include:

- providing investment choice
- ensuring members' interests are maintained, and
- keeping you informed of any changes.

The Trustee is liable for its activities and has professional indemnity insurance.

The Trustee has appointed MLC to carry out the day-to-day investment management and administration of The Universal Super Scheme.

### Meet the board

The directors of The Universal Super Scheme are:

Patrick Burroughs  
BSSc (Hons) 1971,  
FCA, FAICD

Michael Clancy  
B Bus (Finance and Economics) 1992  
CFA 1997  
Appointed as director on  
18 August 2009

Richard Morath  
BA 1968,  
FIA (London and Australia),  
ASIA

John Reid  
B Sc. Mathematical Physics 1971,  
FIA (UK and Australia)  
Appointed as a director on  
16 February 2009

John Salamito  
B Eng (Hons) 1986, FIA  
Resigned as a director on  
31 December 2008

Nicole Smith  
BFA 1990, CA  
GAICD

Manda Vulic  
B Com (Finance) and Law 1992,  
EMBA 2008  
Resigned as a director on  
18 August 2009

Geoff Webb – Chairman  
B Ec (Hons) 1970, AIA (UK),  
AIAA (Australia), FAICD  
FAIM

### Annual audit

Each year we are audited by an independent company.

We're pleased to report we've met all our obligations and received a clean audit report.

We invest in life insurance products and, for this reason, aren't required to include information such as statements of assets and income, the auditors' report and accounts in this annual report.

However, you can easily get a copy of this information by calling us.

The MLC group of companies is the wealth management division of the National Australia Bank (NAB).

We provide investment, superannuation and insurance solutions and support the provision of quality financial advice which helps people achieve and protect their lifestyle and financial goals.

# Keeping you up to date

## The Government made some changes this year which could affect you.

We've put together this summary to give you a snapshot of some of the changes.

In your annual statement we sent you detailed information on some of these changes.

If you'd like further information, please speak with your financial adviser or call us on **132 652**.

### Making contributions to your super

If you want to grow your super savings quicker, you'll need to know there's been a change to the contribution limits as well as the Government co-contribution. These changes took effect from 1 July 2009.

Firstly, the concessional contribution limits were halved, while the non-concessional limits stayed the same as last year.

These limits are important as a higher tax rate may apply if you exceed them.

Secondly, if you're on a lower income you may be eligible for the Government co-contribution.

The maximum amount the Government will match has reduced from \$1,500 to \$1,000.

### Greater equality in super

New rules were passed so same-sex couples and their children receive the same tax treatment for death benefits as other spouses and their children.

### Calculating your minimum pension

If you have an:

- account based pension (including a transition to retirement pension)
- allocated pension or
- term allocated pension

you only need to take half your calculated minimum income requirement for the 2009/10 financial year.

### Accessing super and temporary residents

If you are (or were) a temporary resident, from 1 April 2009 you can generally only access your super as a single lump sum Departing Australia Superannuation Payment (DASP).

Your visa will need to have ceased for this to be effective and you must have departed Australia.

If you don't claim your benefit within six months of becoming eligible, we may have to pay it to the Australian Taxation Office.

### Tax increase

The tax payable on the taxable component of lump sum DASP's increased from 30% to 35% (for taxed elements) and 40% to 45% (for untaxed elements). This was effective from 1 April 2009.

# About your account value

**This section is a reminder of how we calculate earnings on your account.**

## **MLC MasterKey products and MLC Personal Superannuation**

When money is paid into your account, units are allocated to your account and when money is paid out, units are deducted from your account.

The value of your account is based on:

- the number of units in your chosen investment options, and
- the price of those units.

The overall value of your account will change according to the unit price and the number of units you hold.

We calculate the unit price as at the end of each business day and use robust unit pricing policies to do this.

The unit price will reflect the performance of the underlying assets, income earned, fees, expenses and taxes paid and payable.

The performance of the underlying assets is influenced by movements in investment markets such as local and overseas share markets, bond and property markets.

If you would like to find out more about our unit pricing philosophy, go to [mlc.com.au](https://mlc.com.au)

### **Fixed Rate Funds**

A guaranteed interest rate is payable for the term selected. Interest is calculated daily and credited:

- annually on 30 June each year, or
- on withdrawal or switch, or
- on maturity.

An exit fee applies if you withdraw before the maturity date. This fee will reduce the earnings on your investment.

# About your account value

## The Employee Retirement Plan

We calculate an earning rate annually.

This is referred to as the declared rate and may be positive or negative. It is applied retrospectively on 30 June each year to your account balance.

Throughout the year an interim rate is calculated weekly with the intention to reflect the year to date earnings. As a result the interim rate may differ from the declared rate.

If you withdraw before the earning rate is declared, the interim rate will be applied to your account before your benefit is paid.

## Plans which earn a declared rate of interest

This applies to:

- MLC Capital Guaranteed Personal Super Savings Plan
- MLC Capital Guaranteed Personal Super Bond
- MLC Maturity Growth Superannuation Plan

A declared rate of interest is allocated to your account after 30 June each year.

Investment performance in these plans is included with your annual statement.

If you withdraw during the year, an interim rate is calculated and applied to your daily account balance before your benefit is paid.

The interim rate is set with the intention to reflect the year to date earnings, and as a result, may differ from the declared rate.

## Plans which earn bonuses

This applies to:

- MLC Whole of Life Superannuation
- MLC Endowment Superannuation
- MLC Pure Endowment Superannuation

In most cases, these plans earn bonuses which are allocated annually. Your bonuses, where applicable, are advised each year in your annual statement.

## Insurance only Plans

This applies to:

- MLC Life Cover Super
- MLC Super Group Insurance

There are no investment earnings for insurance only plans.

## MLC Super Pension Plan

This plan provides a fixed regular income stream for a selected period.



# Administering your account

**This is where we keep you informed of the usual processes we follow to administer your account.**

## Transfers to an Eligible Rollover Fund

We may transfer your account balance to an Eligible Rollover Fund (ERF) if:

- you haven't made a contribution within 12 months and your balance falls below \$500, or
- you have a MLC MasterKey Business Super, MLC MasterKey Personal Super or The Employee Retirement Plan account and have life insurance premiums deducted from your account and it falls below \$200, and
- we lose contact with you and can't find you, or
- your investment switching activity is deemed to be contrary to the interests of other members.

If you are entitled to a benefit from a MLC Life Cover Super policy and we lose contact with you and can't find you, we may transfer your benefit to an ERF.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and it can be contacted on **1800 677 424**.

We will advise you in writing at your last known address if we intend to transfer your account balance and will proceed if you don't respond with instructions regarding an alternative super fund.

Please note, a transfer to an ERF may be detrimental to you as the ERF may have a different fee structure, different investment strategies and may not offer insurance benefits.

## Surcharge assessment for prior years

The Superannuation Contributions Surcharge (surcharge) was removed in relation to contributions made from 1 July 2005. However a surcharge liability may still arise in respect of relevant contributions made in prior years.

The surcharge assessment may be sent to The Universal Super Scheme, in which case, the amount will generally be deducted from your account (unless it is a pension account) and paid to the Australian Taxation Office (ATO).

If you have withdrawn your account balance (in whole or part) or commenced a pension, the ATO may send the surcharge assessment to your new super arrangement or directly to you. Where you receive the assessment directly, you will be responsible for paying the surcharge to the ATO. If you have a pension account, you are generally able to request us to pay you a lump sum in order to meet your surcharge liability.

If you have any questions about the surcharge please visit the ATO website at [ato.gov.au](http://ato.gov.au) or call **13 10 20**.

# Administering your account

**This section is specific to MLC MasterKey products and MLC Personal Superannuation.**

**It is a reminder about how your account operates.**

## Protecting all investors

At MLC we look out for you, so we've introduced processes that protect the interests of all investors.

### Frequent switching

You should not invest in these products if you intend to switch your investments frequently in the pursuit of short-term gains.

We monitor all investment options for abnormal transaction activity because this sort of activity can have adverse impacts for other investors.

To maintain equity the Trustee has the right to deal with members who frequently switch by:

- delaying, limiting or rejecting their future switch requests
- cancelling membership and transferring their account balance to the Australian Eligible Rollover Fund.

## Prudent management

We reserve the right to refuse applications or vary the terms for processing any transaction in certain circumstances, such as when:

- there are significant falls in investment markets
- we have difficulty in completing transactions due to low liquidity, which could occur with investment options that use higher risk strategies.

We also reserve the right to suspend processing of requests for up to 5 business days at the end of the financial year.

Should this occur we will use the unit price on the day we restart processing your request.

## Transaction cost policy

The Trustee is responsible for ensuring that the costs of buying and selling assets when members transact are shared in an equitable way. This is achieved by:

- meeting costs as they arise for an investment option as a whole by offsetting them against investment earnings. This is the approach when there is a single unit price, sometimes called no-spread unit pricing, or
- meeting costs as they arise due to member transactions by offsetting them against the individual member assets. This is the approach when investment options have a buy-sell spread in the unit price.

The transaction costs borne by an investment option are identical in each approach and, generally, both methods work well.

However, having a buy-sell spread in the unit price is acknowledged as industry best practice and is the more equitable method in certain extreme situations. An example of this is the 'last man standing' scenario, where an investment option has reduced to a small number of members.

Therefore, the investment options offered through products launched by MLC from December 2006 use unit pricing with buy-sell spreads (eg MLC MasterKey Super & Pension, MLC MasterKey Super & Pension Fundamentals).

For no-spread investment options, MLC allows for expected transaction costs in the valuation of assets when an investment option is in decline to protect members against any 'last man standing' issues.

MLC will be implementing the buy-sell pricing approach on an option by option basis in coming years as older products stop receiving substantial inflows.

When implemented, there will be a once off immediate fractional reduction in the unit price for the investment option.

This will be offset by improved investment earnings over following years (relative to the performance that would have been experienced had the transaction cost policy not been implemented).

**Note:** The transaction cost policy is a part of MLC's Asset Valuation Policy.

# Administering your account

## Transaction costs when you buy and sell investments

The table shows how much we allow to pay for any costs incurred when you buy and sell investment options for MLC MasterKey Super & Pension and MLC MasterKey Super & Pension Fundamentals accounts. This is as at 30 June 2009.

Investment option	Transaction cost allowance Entry / Exit (%)
MLC Horizon 1 – Bond Portfolio	Nil/Nil
MLC Horizon 2 – Capital Stable Portfolio	0.05/0.05
MLC Horizon 3 – Conservative Growth Portfolio	0.05/0.05
MLC Horizon 4 – Balanced Portfolio	0.10/0.10
MLC Horizon 5 – Growth Portfolio	0.10/0.10
MLC Horizon 6 – Share Portfolio	0.10/0.10
MLC Horizon 7 – Accelerated Growth Portfolio	0.20/0.20
MLC Long-Term Absolute Return Portfolio	0.15/0.15
MLC Cash Fund	Nil/Nil
MLC Diversified Debt Fund	Nil/Nil
MLC Property Securities Fund	0.25/0.20
MLC Global Property Fund	0.15/0.15
MLC Global Share Fund	0.10/0.10
MLC Hedged Global Share Fund	0.10/0.10
MLC Australian Share Fund	0.15/0.15
MLC Australian Share Value Style Fund	0.15/0.15
MLC Australian Share Growth Style Fund	0.20/0.20
MLC Global Share Value Style Fund	0.10/0.10
MLC Global Share Growth Style Fund	0.15/0.10
MLC IncomeBuilder™	Nil/Nil
Vanguard Australian Fixed Interest Index Fund	0.20/0.20
Vanguard International Fixed Interest Index Fund (Hedged)	0.20/0.20
Legg Mason Property Securities Trust	0.28/0.28
Vanguard Property Securities Index Fund	0.20/0.20
Antares Lodestar Absolute Return Trust – Australian Shares	0.30/0.30
Ausbil Australian Emerging Leaders Fund	0.30/0.30
Challenger Wholesale Select Australian Share Fund	0.30/0.30
Fortis Investments Australian Equity Fund	0.30/0.30
Investors Mutual Australian Share Fund	0.25/0.25

<b>Investment option</b>	<b>Transaction cost allowance Entry / Exit (%)</b>
MLC-Vanguard Australian Share Index Fund	Nil/Nil
Northward Capital Australian Equity Trust	0.25/0.25
Perennial Value Shares Wholesale Trust	0.30/0.30
Perpetual's Wholesale Australian Fund	0.40/Nil
Perpetual's Wholesale Ethical SRI Fund	0.20/0.20
Perpetual's Wholesale Smaller Companies Fund No. 2	0.20/0.20
Schroder Wholesale Australian Equity Fund	0.30/0.30
AXA Wholesale Global Equity – Value Fund	0.20/0.20
BlackRock Global Allocation Fund	0.30/0.30
BlackRock Global Small Cap Fund (Unhedged)	0.50/0.50
MLC Capital International Global Share Fund	0.10/0.10
MLC-Platinum Global Fund	Nil/Nil
Platinum Asia Fund	0.25/0.25
Platinum International Fund	0.25/0.25
PM CAPITAL Absolute Performance Fund	0.25/0.25
T. Rowe Price Global Equity Fund	0.30/0.30
Vanguard International Shares Index Fund (Hedged)	0.40/0.20
Vanguard International Shares Index Fund (Unhedged)	0.30/0.10
Vanguard Growth Index Fund <sup>1</sup>	0.25/0.15
Vanguard High Growth Index Fund <sup>1</sup>	0.30/0.20
Colonial First State Wholesale Income Fund (closed) <sup>2</sup>	0.15/0.15
UBS Australian Share Fund (closed)	0.25/0.25
UBS Diversified Credit Income Fund (closed)	0.30/0.50

<sup>1</sup> Indicates that this investment option is only available to MLC MasterKey Pension Fundamentals applicants who are current or former members of a superannuation fund administered by Plum Financial Services.

<sup>2</sup> Indicates this investment option is closed to further investment and offers limited withdrawal opportunities (currently quarterly). For more information please see our website [mlc.com.au/marketwatch](http://mlc.com.au/marketwatch)

# How your money is invested

## In this section we tell you how the Trustee invests your money.

One of the Trustee's responsibilities is to make sure your investments are managed according to an agreed investment strategy and objective.

As you can see we offer many products for you to invest in, and some of these will have similar investment objectives and strategies.

To make this section easier for you to read we've grouped products with common objectives and strategies together.

## Derivatives

Derivatives are a common tool used to enhance returns or manage risk.

They are contracts that have a value derived from an external reference (eg the level of a share price index).

There are many types of derivatives and they can be an invaluable tool for an investment manager.

However, they can incur significant losses.

The Derivative Risk Statement outlines how we manage derivatives and is available on [mlc.com.au](https://www.mlc.com.au)

Product name	Investment objective	Investment strategy
<b>MLC MasterKey &amp; MLC Personal Superannuation</b>		
MLC MasterKey Super & Pension MLC MasterKey Super & Pension Fundamentals MLC MasterKey Superannuation MLC MasterKey Business Super MLC MasterKey Personal Super MLC MasterKey Allocated Pension MLC MasterKey Term Allocated Pension MLC Personal Superannuation	To provide a selection of investment options so you can invest according to your individual needs and circumstances.  You can find specific details about the individual investment options available on pages 13 to 47.	Each investment option available has an individual investment objective and strategy.  If you haven't selected an investment option, the Trustee will allocate your money to the investment strategy detailed below: <ul style="list-style-type: none"> <li>• For super products, your money will be invested in MLC Horizon 5 – Growth Portfolio, except where an alternative strategy has been agreed between your employer and the Trustee.</li> <li>• For pension products, your money will be invested in MLC Horizon 3 – Conservative Growth Portfolio.</li> </ul>
<b>MLC Super Pension Plan</b>		
MLC Super Pension Plan	To provide a pension to members of the plan that provides a fixed regular income stream for a selected period.	The Trustee has purchased an annuity policy with MLC.  No investment option profile is included in this report.
<b>MLC Capital Guaranteed products</b>		
MLC Capital Guaranteed Personal Super Savings Plan MLC Capital Guaranteed Personal Super Bond MLC Maturity Growth Superannuation Plan MLC Whole of Life Superannuation MLC Endowment Superannuation MLC Pure Endowment Superannuation	To balance risk and return considerations while securing guarantees to members.	The Trustee invests in policies issued by MLC who, in turn, invests in a suitably structured portfolio of debt securities. Surplus assets, over and above those required to fund guaranteed benefits, are generally invested in a more diversified portfolio to increase potential returns. No investment option profile is included in this report.
<b>The Employee Retirement Plan</b>		
The Employee Retirement Plan	The Trustee invests in a policy issued by MLC who, in turn, invests in a suitably structured portfolio of securities to deliver on the objectives of the Investment Facility and the Benefit Protection System.  You can find more detail about the objectives of the Investment Facility and the Benefit Protection System on page 40.	
<b>MLC Insurance products</b>		
MLC Life Cover Super MLC Super Group Insurance	For MLC Life Cover Super and MLC Super Group Insurance, all of your contributions are used to pay the premiums for the insurance cover selected. No investment option profile is included in this report.	

# Investment option profiles

Information current as at 30 June 2009

**These are important notes about the investment option profiles.**

## Investment options

- Only members who have units in closed investment options can make additional contributions.
- The investment menu may change at any time and is available on our website.
- The Colonial First State Wholesale Income Fund is closed to further investment and offers limited withdrawal opportunities (currently quarterly). For more information please see our website [mlc.com.au/marketwatch](http://mlc.com.au/marketwatch)
- Antares Lodestar Absolute Return Trust – Australian Shares and Northward Capital Australian Equity Trust are managed by companies that are related parties to NAB.
- The Vanguard Growth Index Fund and the Vanguard High Growth Index Fund investment options are only available to MLC MasterKey Pension Fundamentals applicants who are current or former members of a superannuation fund administered by Plum Financial Services.
- The asset allocations provided in the Investment Option Profiles are target allocations. The actual asset allocations may differ to these as a result of market movements.

For more detailed information, including the latest available asset allocations, please visit [mlc.com.au](http://mlc.com.au) or contact your financial adviser.

A tax benefit applies to fees charged to your super account. All fees shown in the Investment Option Profiles, are shown 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 15%.

## Fees and costs

On the following pages, investment fees are included for the following product groups:

### Super

- MLC MasterKey Super
- MLC MasterKey Super Fundamentals
- MLC MasterKey Superannuation
- MLC MasterKey Business Super
- MLC MasterKey Personal Super
- MLC Personal Superannuation

### Pension

- MLC MasterKey Pension
- MLC MasterKey Pension Fundamentals
- MLC MasterKey Allocated Pension
- MLC MasterKey Term Allocated Pension

The investment fees shown reflect actual fees for the year ending 30 June 2009.

Investment fees are reflected in the daily unit price for each investment option and vary as investment costs change.

Some investment managers provide a rebate on their investment management fee, which we pass entirely back to your account. The investment fees in the Investment Option Profiles are shown after allowing for this rebate.

An investment manager may charge a performance fee when its investment returns exceed a specified level. Where applicable, this fee is included in the investment fees shown.

You can get more information on how performance fees are calculated by going to the investment managers' PDS available on [mlc.com.au](http://mlc.com.au)



# MLC Horizon Portfolios

## Investment objective

Each MLC Horizon Portfolio aims to grow your wealth for an expected level of volatility.

## About the MLC Horizon Portfolios

Each MLC Horizon Portfolio is a complete solution to meet an investor's financial goals. The Portfolios are diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

Designing a complete portfolio solution involves much more than simply combining a number of asset classes. Every aspect of our portfolios is important; from the securities we include and the way in which we mandate investment managers, to the asset classes we use. This is not a set and forget approach; the portfolios are continuously kept balanced using efficient processes. And the portfolios evolve through time as we research new opportunities to increase returns or reduce risk.

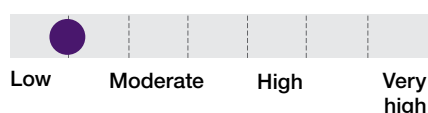
We are focussed on growing your wealth for an expected level of volatility. We won't chase risky returns when markets are very strong, which may temporarily result in a lower return than comparable funds that do. At other times, and particularly when markets are weak, we expect each Portfolio to have higher returns than comparable funds.

## MLC Horizon 1 – Bond Portfolio

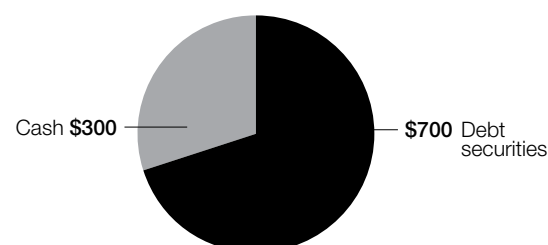
### The investment option may be suited to you if...

- you want to invest almost entirely in defensive assets
- you give priority to preserving your capital

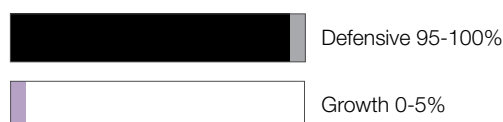
### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



### Fees and costs for Super

Investment fee (%pa)

0.37

### Fees and costs for Pension

Investment fee (%pa)

0.32

# MLC Horizon Portfolios

## MLC Horizon 2 – Capital Stable Portfolio

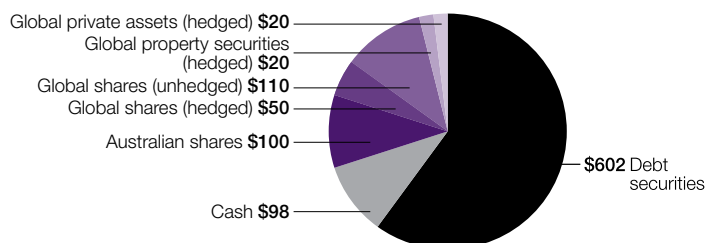
### The investment option may be suited to you if...

- you want to invest with a bias towards defensive assets, with some exposure to growth assets
- preserving your capital is an important but not overriding concern

### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



#### Fees and costs for Super

Investment fee (%pa)  
0.42

#### Fees and costs for Pension

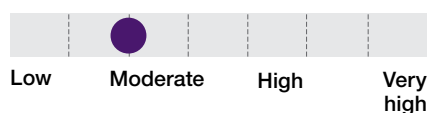
Investment fee (%pa)  
0.41

## MLC Horizon 3 – Conservative Growth Portfolio

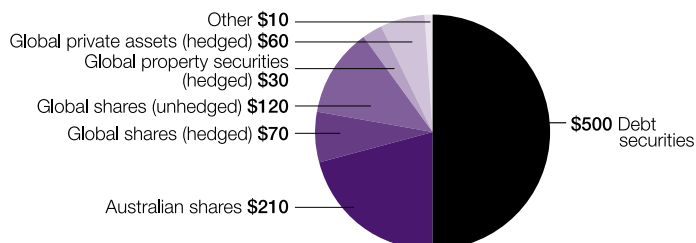
### The investment option may be suited to you if...

- you want to invest in an approximately equal mix of defensive and growth assets
- you want a portfolio with some long-term capital growth potential and can tolerate moderate to low volatility

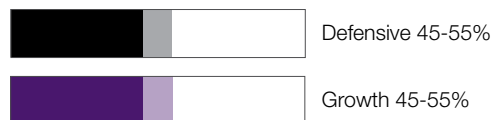
### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



#### Fees and costs for Super

Investment fee (%pa)  
0.53

#### Fees and costs for Pension

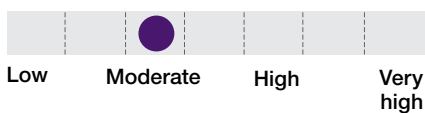
Investment fee (%pa)  
0.47

## MLC Horizon 4 – Balanced Portfolio

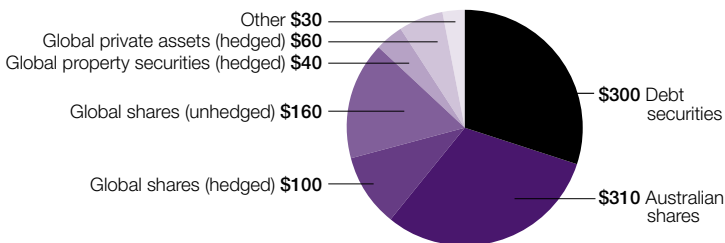
### The investment option may be suited to you if...

- you want to invest with a bias towards growth assets
- you want a portfolio with a bias towards long-term capital growth potential and can tolerate moderate volatility

### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



#### Fees and costs for Super

Investment fee (%pa)  
0.58

#### Fees and costs for Pension

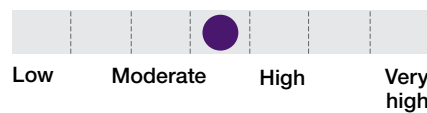
Investment fee (%pa)  
0.52

## MLC Horizon 5 – Growth Portfolio

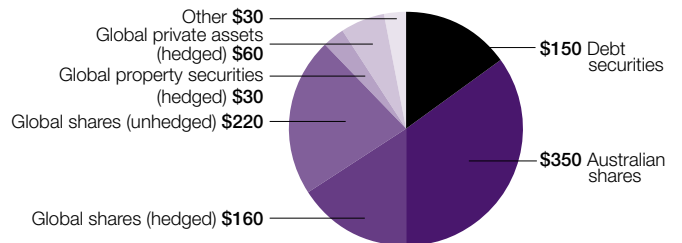
### The investment option may be suited to you if...

- you want to invest with a strong bias to growth assets
- you want a portfolio with a strong bias towards long-term capital growth potential and can tolerate moderate to high volatility

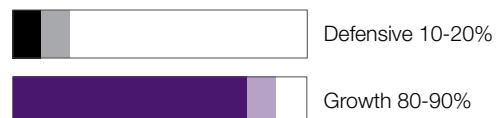
### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



#### Fees and costs for Super

Investment fee (%pa)  
0.59

#### Fees and costs for Pension

Investment fee (%pa)  
0.55

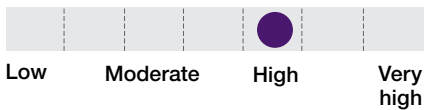
# MLC Horizon Portfolios

## MLC Horizon 6 – Share Portfolio

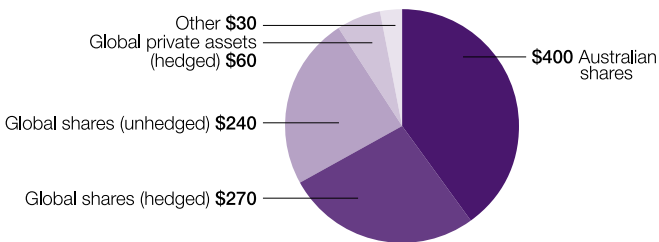
### The investment option may be suited to you if...

- you want to invest in growth assets
- you want a portfolio focused on long-term capital growth potential and can tolerate high volatility

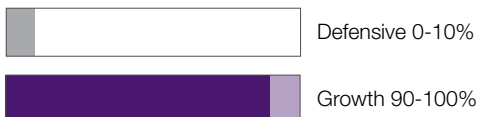
### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



### Fees and costs for Super

Investment fee (%pa)  
0.61

### Fees and costs for Pension

Investment fee (%pa)  
0.57

## MLC Horizon 7 – Accelerated Growth Portfolio

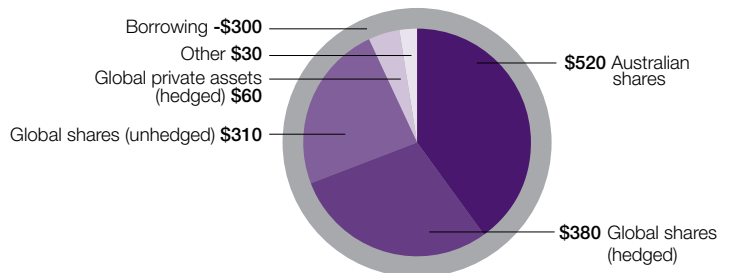
### The investment option may be suited to you if...

- you want a portfolio focused on long-term capital growth
- you want a portfolio that generally borrows to invest in growth assets
- you are comfortable with the extra volatility associated with gearing

### Expected volatility



### Target allocation of \$1,000



### We may adjust the target allocation within these ranges



### Fees and costs for Super

Investment fee (%pa)  
1.04

### Fees and costs for Pension

Investment fee (%pa)  
1.00

# MLC Long-Term Absolute Return Portfolio

## Investment objective

Aims to maximise its return (above inflation, and after deducting investment fees and superannuation tax) over rolling 20 year periods, while ensuring a high likelihood of it being positive over that timeframe.

## About the investment option

The Portfolio is designed using 3 steps:

1. It invests broadly across asset classes, many of which are unconventional (eg insurance related investments, commodities, private assets and inflation-linked securities). This reduces its dependency on a single source of return. While investing in shares will generally be an important part of the Portfolio's strategy, its exposure to the Australian share market will not dominate.

The Portfolio also uses a number of investment managers who are not limited to just one asset class, and may apply short-selling techniques to enhance returns. Over time, the Portfolio may take advantage of a variety of investment opportunities as they arise.

2. This diversification strategy is then geared in order to meet its 20 year objective.

These two steps combine to make the Portfolio's neutral strategy.

3. We then take this neutral strategy and adjust it to manage risk and take advantage of opportunities with a 5 to 8 year perspective. These adjustments can be significant. For example our neutral strategy is to gear \$600 for every \$1,000 you invest, but at 30 June 2009 the adjusted asset allocation has borrowings of \$280 for every \$1,000 you invest.

The resulting target asset allocation is shown in the following pie graph.

The Portfolio invests significantly in assets that cannot easily be sold. And it may be significantly geared (it is allowed to invest up to \$1,000 for every \$1,000 you invest). The combination of these facts means that, from time to time we may suspend your ability to put money into, or take money out of, the Portfolio. For this reason, you are only allowed to hold up to 25% of your pension account in this Portfolio.

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

You want to:

- take a genuinely long-term investment approach
- focus on achieving returns above inflation, and can tolerate significant short-term volatility to achieve those returns
- access the benefits of a geared portfolio and are comfortable with the associated higher volatility
- diversify across a wider range of asset classes
- access long-term and/or unconventional asset classes and investment strategies while accepting that such strategies may take years to reward you.

And you are willing to accept:

- both financially and emotionally, that the Portfolio may have substantially different returns to other investments
- the Portfolio may be illiquid for some time, potentially years.

# MLC Long-Term Absolute Return Portfolio

## Current return expectation

An average of 5.5% pa above the rate of inflation over rolling 20 year periods. This expectation is after deducting investment fees and superannuation tax. There may be substantial periods when this return may not be achieved, and when the Portfolio falls in value. The return expectation may change over time and is based on MLC's current estimate of long-term returns.

## Fees and costs for Super

Investment fee (%pa)

1.35

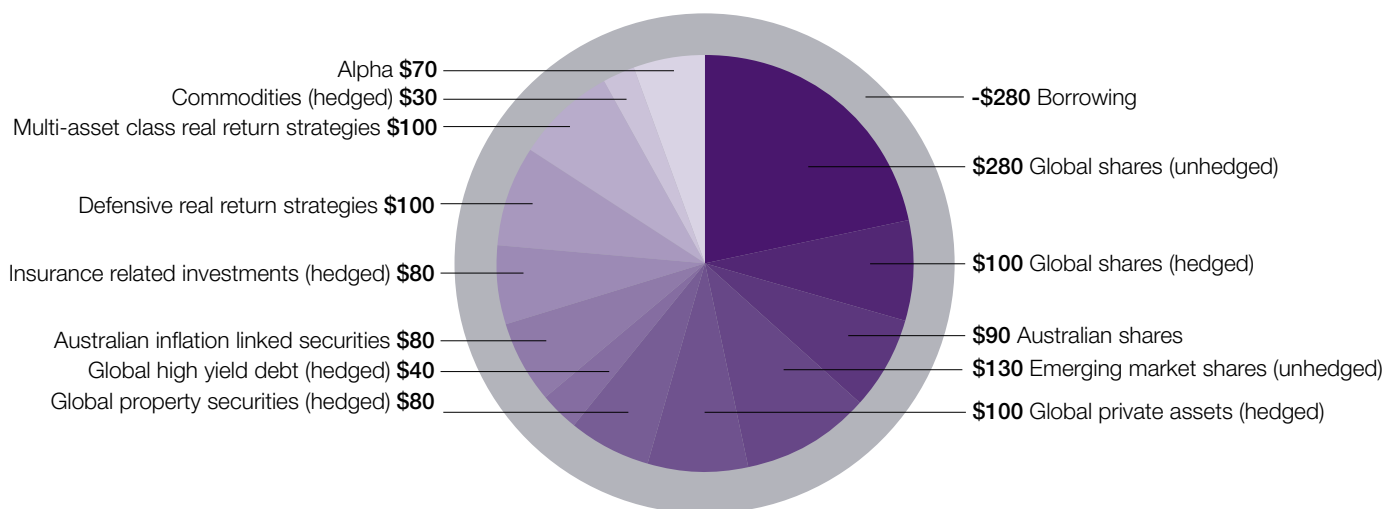
## Fees and costs for Pension

Investment fee (%pa)

1.20

## Target allocation of \$1,000 (at 30 June 2009)

The asset allocation may have changed substantially from this. Please see the latest information on [mlc.com.au](http://mlc.com.au)



# MLC asset class funds

## Investment objective

Each Fund is designed to be a complete portfolio for the respective asset class, and aims to deliver growth by using investment managers who invest and diversify across many companies and securities within that asset class.

## How you can assess performance

You can assess the performance of each Fund against its Market Benchmark over a full market cycle. When making this assessment, be aware that the Market Benchmark does not take into account fees and taxes that may apply to your account.

### MLC Cash Fund

#### About the investment option

The Fund invests in high quality Australian government, bank or company issued securities that have a minimum credit rating of A1 with Standard & Poors, or a similar rating with another recognised rating agency.

MLC Limited guarantees that the unit price of the Fund will not fall (before the deduction of tax and fees).

#### Market Benchmark

UBS Australian Bank Bill Index

##### Fees and costs for Super

Investment fee (%pa)  
0.26

##### Fees and costs for Pension

Investment fee (%pa)  
0.24

### MLC Diversified Debt Fund

#### About the investment option

The Fund is diversified across different types of debt securities in Australia and around the world that typically have a reasonably long time to maturity. Other assets such as commodities and hybrid securities may be used to hedge against inflation or provide additional diversification.

Foreign currency exposures will generally be substantially hedged to the Australian dollar.

As a result of capital restructures of debt issuers, the Fund may have an incidental exposure to shares from time to time.

#### Market Benchmark

50% UBS Composite Bond Index (All Maturities) & 50% Barclays Capital Global Aggregate Bond Index (hedged into Australian dollars)

##### Fees and costs for Super

Investment fee (%pa)  
0.42

##### Fees and costs for Pension

Investment fee (%pa)  
0.42

# MLC asset class funds

## Investment objective

Each Fund is designed to be a complete portfolio for the respective asset class, and aims to deliver growth by using investment managers who invest and diversify across many companies and securities within that asset class.

## How you can assess performance

You can assess the performance of each Fund against its Market Benchmark over a full market cycle. When making this assessment, be aware that the Market Benchmark does not take into account fees and taxes that may apply to your account.

We won't chase risky returns when markets are very strong, which may temporarily result in a lower return than the Market Benchmark. At other times, and particularly when markets are weak, we expect to have a higher return than the Market Benchmark.

### MLC Property Securities Fund

#### About the investment option

The Fund invests primarily in Australian property securities, including listed Real Estate Investment Trusts and companies across most major listed property sectors. It does not normally invest in direct property, but may have some exposure to property securities listed outside of Australia from time to time.

Foreign currency exposures will generally be substantially hedged to the Australian dollar.

#### Market Benchmark

S&P/ASX 300 A-REIT Accumulation Index

#### Fees and costs for Super

Investment fee (%pa)  
0.61

#### Fees and costs for Pension

Investment fee (%pa)  
0.65

### MLC Global Property Fund

#### About the investment option

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 does not normally invest in direct property.

Foreign currency exposures will generally be substantially hedged to the Australian dollar.

#### Market Benchmark

UBS Global Investors Index (hedged into Australian dollars)

#### Fees and costs for Super

Investment fee (%pa)  
0.73

#### Fees and costs for Pension

Investment fee (%pa)  
0.77



## MLC Global Share Fund

### About the investment option

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.

Foreign currency exposures will generally not be hedged to the Australian dollar.

### Market Benchmark

MSCI All Country World Index

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.71	0.75

## MLC Australian Share Fund

### About the investment option

The Fund invests primarily in companies listed (or expected to be listed) on the Australian Securities Exchange, 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.

### Market Benchmark

S&P/ASX 300 Accumulation Index

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.57	0.59

## MLC Hedged Global Share Fund

### About the investment option

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.

Foreign currency exposures will generally be substantially hedged to the Australian dollar.

### Market Benchmark

MSCI All Country World Index (hedged into Australian dollars)

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.73	0.74

# MLC specialist funds

## Investment objective

Each Fund aims to deliver growth by using investment managers who invest and diversify across many companies and securities within the respective asset class.

## How you can assess performance

You can assess the performance of each Fund against its Market Benchmark over a full market cycle. When making this assessment, be aware that the Market Benchmark does not take into account fees and taxes that may apply to your account.

### MLC Australian Share Value Style Fund

#### About the investment option

The Fund invests primarily in companies listed (or expected to be listed) on the Australian Securities Exchange. It may have a small exposure to companies listed outside of Australia from time to time.

We primarily use investment managers who have an investment style focusing on companies that they believe are undervalued in relation to their earning potential.

#### Market Benchmark

S&P/ASX 300 Accumulation Index

##### Fees and costs for Super

Investment fee (%pa)  
0.60

##### Fees and costs for Pension

Investment fee (%pa)  
0.62

### MLC Australian Share Growth Style Fund

#### About the investment option

The Fund invests primarily in companies listed (or expected to be listed) on the Australian Securities Exchange. It may have a small exposure to companies listed outside of Australia from time to time.

We primarily use investment managers who have an investment style focusing on companies that are expected to have strong earnings growth.

#### Market Benchmark

S&P/ASX 300 Accumulation Index.

##### Fees and costs for Super

Investment fee (%pa)  
0.57

##### Fees and costs for Pension

Investment fee (%pa)  
0.59

## MLC Global Share Value Style Fund

### About the investment option

The Fund invests primarily in companies listed (or expected to be listed) on share markets anywhere around the world.

Foreign currency exposures will generally not be hedged to the Australian dollar.

We primarily use investment managers who have an investment style focusing on companies that they believe are undervalued in relation to their earning potential.

### Market Benchmark

MSCI All Country World Index

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.72	0.77

## MLC Global Share Growth Style Fund

### About the investment option

The Fund invests primarily in companies listed (or expected to be listed) on share markets anywhere around the world.

Foreign currency exposures will generally not be hedged to the Australian dollar.

We primarily use investment managers who have an investment style focusing on companies that are expected to have strong earnings growth.

### Market Benchmark

MSCI All Country World Index

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.67	0.72

## MLC IncomeBuilder™

### Investment objective

Aims to provide returns from companies that are expected to deliver a growing dividend stream over time.

### About the investment option

The Fund invests primarily in Australian companies that have the potential to provide future growth in dividends.

The Fund is expected to generate tax effective returns by:

- investing in companies expected to have high franking levels, and
- carefully managing the realisation of capital gains.

The Fund is expected to provide returns consistent with investing in a broad range of Australian companies.

### How you can assess performance

You can assess performance based on the annual growth in dividends received from the underlying companies.

### Market Benchmark

There is no Market Benchmark for the Fund due to its focus on growing dividends.

Fees and costs for Super	Fees and costs for Pension
Investment fee (%pa)	Investment fee (%pa)
0.70	0.71

# Investment options not managed by MLC

## Debt securities

### Vanguard Australian Fixed Interest Index Fund

#### Investment objective

Aims to match the total return of the UBS Australian Composite Bond Index before taking into account fees and expenses and tax.

#### About the investment option

Vanguard selects a representative sample of bonds in the Index (310 bonds issued by the Australian government and semi-government authorities, and investment grade companies) to form the portfolio. Bonds have a finite life which means the composition of the Index is constantly changing.

The Fund may hold up to 20% more than the Index in short-term corporate bonds to obtain higher yields.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.19	0.12

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

#### Investment objective

Aims to match the return of the Barclays Capital Global Treasury Index hedged into Australian dollars before taking into account fees and expenses and tax.

#### About the investment option

To closely track the Index, Vanguard employs optimisation techniques to select a representative sample of bonds (the Index comprises approx 1,060 bonds issued by 35 governments world-wide) to form the portfolio. Bonds have a finite life which means the composition of the Index is constantly changing.

Vanguard may hold up to 20% of the assets in non-government bonds to obtain higher yields. The Fund seeks to maintain its S&P rating of AAf – the highest rating that can be awarded to funds that replicate an Index.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.24	0.12

## **NAB Fixed Rate Funds**

(only available for Pension investors)

### **Investment objective**

To provide a guaranteed rate of interest for the term selected.

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### **About the investment option**

The rate you receive is the rate current on the date your investment in the selected fund starts.

The rate is guaranteed for the investment term unless taxation conditions change.

You can only invest up to 80% of your pension account in these funds and you cannot invest once you reach age 90.

### **Investment fees and costs**

<b>Investment fee (%pa)</b>	<b>Issuer fee (%pa)</b>
N/A	N/A

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# Investment options not managed by MLC

## Property Securities

### Legg Mason Property Securities Trust

#### Investment objective

Aims to provide a return of 1.5%pa, in excess of the S&P/ASX 200 Property Trust Accumulation Index over rolling three-year periods, before taking into account fees, expenses and tax.

#### About the investment option

The Fund invests in a diversified portfolio of listed property trusts and property related listed securities such as infrastructure. Each property security's valuation is based on long-term sustainable cash flow analysis. Factors considered important when analysing property include asset quality, leasing and financing structures, development opportunities and risks and the quality of the management team.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.51	0.12

### Vanguard Property Securities Index Fund

#### Investment objective

Aims to match the total return of the S&P/ASX 300 Property Trusts Index before taking into account fees, expenses and tax.

#### About the investment option

Vanguard employs optimised replication techniques to select property securities. The Fund will hold all of the securities in the Index (at most times) allowing for individual security weightings to vary marginally from the Index from time to time.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.24	0.12

## Australian shares

### Antares Lodestar Absolute Return Trust – Australian Shares

#### Investment objective

Aims to produce absolute returns in both rising and falling equity markets over rolling five-year periods.

#### About the investment option

Lodestar is an active, style-neutral investment manager. It believes that through an investment cycle various investment styles come in and out of favour with the market and that style-neutral approach best ensures that investors are not subject to extreme swings in investment styles.

Lodestar typically invests in a concentrated portfolio of securities on the Australian Securities Exchange. Each security's inherent value and price is continually assessed and influences the Fund's weighting towards particular securities or sectors.

Lodestar has the ability to:

- invest in cash when the opportunities in the equities market are poor
- apply leverage and hedging to increase returns and/or reduce risks
- use derivatives
- short sell stocks where stocks are assessed as unattractive relative to its inherent value.

As a result of the investment process returns are likely to be less volatile than the share market indices over the medium term.

NAB is the parent company of Antares who uses Lodestar as the investment manager for this Fund.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.03	Nil

Includes performance fees

### Ausbil Australian Emerging Leaders Fund

#### Investment objective

Aims to provide returns above the benchmark comprising 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index over the medium to long term, before taking into account fees, expenses and tax.

#### About the investment option

Ausbil believes that a company's share price ultimately follow earnings (and earnings revisions). At all times the Fund will favour sectors and specific companies which it believes will experience positive earnings revisions.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
2.45	0.12

Includes performance fees

# Investment options not managed by MLC

## Australian shares

### Challenger Wholesale Select Australian Share Fund

#### Investment objective

Aims to provide returns above the S&P/ASX 200 Accumulation Index over rolling five-year periods.

#### About the investment option

Challenger is an active manager who believes it can add value and outperform the market by identifying companies mispriced or overlooked by the market. This investment approach moderates the cyclical swings from growth and value investing and can outperform over the full business cycle. The Fund primarily targets companies that benefit from:

- positive industry dynamics (industry/structure) and/or
- improvement in corporate performance such as turnaround situations.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.90	0.12
Includes performance fees	

### Fortis Investments Australian Equity Fund

#### Investment objective

Aims to provide capital appreciation while accepting volatility through investments in securities listed on the Australian Securities Exchange over the medium term (five years).

#### About the investment option

The Fund seeks to be fully invested in 30 to 40 companies that have:

- strong or leading positions in structurally attractive, growing industries
- above-average sustainable earnings growth.

Risk is managed by favouring these companies over those that are in declining or unprofitable industries.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.60	0.12



## Investors Mutual Australian Share Fund

### Investment objective

Aims to provide returns above the S&P/ASX 300 Accumulation Index over rolling four-year periods, after taking into account fees and expenses, but before tax.

### About the investment option

The Fund is invested in a diversified portfolio of high quality Australian industrial and resource companies that display four characteristics:

- a sustainable competitive advantage
- recurring earnings
- capable management and
- the ability to grow over time.

IML believes that there are times that a company's price is below its long term value. These situations provide IML with the opportunity to purchase quality companies at attractive prices.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.72	0.12

## MLC-Vanguard Australian Share Index Fund

### Investment objective

Aims to match the return of the S&P/ASX 200 Accumulation Index, before taking into account fees, expenses and tax.

### About the investment option

To closely track the Index, Vanguard employs optimisation techniques to select a representative sample of shares in the Index to form the portfolio. Individual security weightings may vary marginally from the Index from time to time.

### Fees and costs for Super

Investment fee (%pa)
0.25

### Fees and costs for Pension

Investment fee (%pa)
0.30

# Investment options not managed by MLC

## Australian shares

### Northward Capital Australian Equity Trust

#### Investment objective

Aims to provide returns above the S&P/ASX 300 Accumulation Index (ex Listed Property Trusts), over rolling three-year periods, after fees and expenses.

#### About the investment option

Northward believes that a disciplined fundamental “bottom up” research approach to identify undervalued quality companies will generate strong investment returns over the long term. The Fund is managed as style neutral.

A multi-sector portfolio manager approach allows sector specialists to focus on investing in quality companies they assess to be the most undervalued. The Co-Lead Portfolio managers are responsible for aggregating the sector stock selection into one portfolio of 30-50 stocks listed on the Australian Securities Exchange and are ultimately responsible for the overall portfolio construction.

Northward is part of the NAB group.

### Perennial Value Shares Wholesale Trust

#### Investment objective

Aims to provide (a growth in the value of your investment over the long-term via a combination of capital growth and tax-effective income by investing in a diversified portfolio of Australian shares that provide) returns above the S&P/ASX 300 Accumulation Index, over rolling three-year periods, before deducting fees, expenses and tax.

#### About the investment option

Perennial seeks to buy securities in ‘good businesses that are undervalued’ with the view that good businesses are eventually recognised by markets and are positively revalued. The Fund typically invests in 45 (minimum of 20 and a maximum of 70) companies listed on the Australian Securities Exchange. The Fund seeks to be fully invested with a cash exposure limited to 10% of assets.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.03	Nil

Includes performance fees

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.65	0.12

## Perpetual's Wholesale Australian Fund

### Investment objective

Aims to provide long-term capital growth and income through investment in quality industrial and resource shares.

### About the investment option

Perpetual's priority is to select those companies that represent the best investment quality, and are appropriately priced.

Perpetual invests primarily in Australian industrial and resource companies that meet the following criteria:

- conservative debt levels
- sound management
- quality business and
- in the case of industrial companies, recurring earnings.

The Fund may invest 20% of the assets in securities listed outside Australia. These investments are generally hedged to the Australian dollar.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.87	0.12

## Perpetual's Wholesale Ethical SRI Fund

### Investment objective

Aims to provide long-term capital growth and income through investment in quality securities of socially responsible companies.

### About the investment option

Perpetual's priority is to select those companies that represent the best investment quality, and are appropriately priced. In addition, Perpetual rigorously reviews socially responsible companies and does not invest in any that earn a material proportion of their revenue from the:

- manufacture or sale of alcohol, tobacco, gaming equipment, weapons and armaments
- extraction of uranium
- operation of gaming facilities.

Companies that meet Perpetual's ethical criteria are then subject to an additional screening process to ensure that they continually meet standards on human rights, animal rights, the environment and genetically modified organisms.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.80	0.12

# Investment options not managed by MLC

## Australian shares

### Perpetual's Wholesale Smaller Companies Fund No. 2

#### Investment objective

Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource securities which when first acquired, do not rank in the S&P/ASX 50 Index.

#### About the investment option

Perpetual's priority is to select those companies that represent the best investment quality, and are appropriately priced.

Perpetual invests primarily in Australian industrial and resource companies that meet the following criteria:

- conservative debt levels
- sound management
- quality business
- in the case of industrial companies, recurring earnings, and
- when first acquired do not rank in the S&P/ASX 50 Index.

The Fund seeks to be fully invested, with a cash exposure limited to 20% of assets.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.25	0.12

### Schroder Wholesale Australian Equity Fund

#### Investment objective

Aims to provide returns above the S&P/ASX 200 Accumulation Index (before deducting fees and taxes) over the medium to longer term (three to five years).

#### About the investment option

Schroders invests in a portfolio of predominantly Australian companies listed on the Australian Securities Exchange that:

- have a long-term sustainable competitive advantage
- are in attractive industries
- generate returns higher than their costs of capital, and
- demonstrate strong growth prospects.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.57	0.12

## Global shares

### AXA Wholesale Global Equity – Value Fund

#### Investment objective

Aims to provide returns above the MSCI World (ex Australia) Index (net dividends reinvested), in Australian dollar terms, when measured over rolling five-year periods, after taking into account fees.

#### About the investment option

The Fund invests in companies that will typically have low share prices in relation to their projected long term earnings power. Companies included in the portfolio will have a minimum market capitalisation, at the time of purchase of:

- US\$750M for developed countries
- US\$200M for emerging countries.

Country allocation is generally in proportion to securities market size however the fund may be under or over weight in countries that are considered to be more attractive. The Fund's investment in foreign markets will generally be exposed to the relevant foreign currency, however currency hedging may be used from time to time.

The Fund may hold cash if appropriate investments are not available.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.83	0.12

### BlackRock Global Allocation Fund

#### Investment objective

Aims to maximise total investment returns while managing risk and is generally diversified across markets, industries and issuers.

#### About the investment option

The Fund will typically invest in securities issued by governments and companies located in North and South America, Europe and Asia.

While diversified across markets, industries and issuers, the Fund's asset mix will vary in response to changing market conditions and economic trends. At times, the Fund may hold up to 100% in cash and fixed interest securities.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.10	0.12

Includes performance fees

# Investment options not managed by MLC

## Global shares

### BlackRock Global Small Cap Fund (Unhedged)

#### Investment objective

Aims to maximise capital growth through exposure to a globally diversified portfolio of shares of quality small and mid-capitalisation companies listed on international stock exchanges.

The Fund is managed with the aim of consistently generating superior risk adjusted returns.

#### About the investment option

The Fund will typically be invested in small to medium sized companies around the world. The size of the companies range from US\$300M to US\$10B. The Fund may invest a maximum of 15% of assets in cash. The currency exposures of the Fund are generally unhedged, however active currency management may be undertaken from time to time.

### MLC Capital International Global Share Fund

#### Investment objective

Aims to provide long-term growth from an actively managed share portfolio selected from share markets around the world.

#### About the investment option

Invests in a diversified range of global shares in both developed and emerging markets, actively managed by Capital International.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.95	0.12

#### Fees and costs for Super

Investment fee (%pa)
0.74

#### Fees and costs for Pension

Investment fee (%pa)
0.76

**MLC-Platinum Global Fund** Only available to investors who are current investors in this Fund.

### Investment objective

Aims to provide growth over the long-term through searching out undervalued investments around the world.

### About the investment option

Invests primarily in securities listed on sharemarkets around the world. Investments in both developed and emerging markets may be included. The Portfolio will ideally consist of 100 to 200 stocks that Platinum believes to be undervalued by the market. Where undervalued stocks cannot be found, funds may be invested in cash.

## Platinum Asia Fund

### Investment objective

The Fund aims to provide capital growth over the long-term through searching out undervalued listed (and unlisted) investments in the Asian region.

### About the investment option

The Fund primarily invests in companies:

- operating in the Asian region;
- where their predominant business is in Asia; and
- that benefit from exposure in the Asian region.

The Portfolio will ideally consist of 50 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.

Typically, the Portfolio will have 50% or more net equity exposure. The Fund's currency exposure is actively managed.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.16	Nil

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.54	Nil

# Investment options not managed by MLC

## Global shares

### Platinum International Fund

#### Investment objective

Aims to provide capital growth over the long-term through searching out undervalued listed and unlisted investments around the world.

#### About the investment option

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.

The Portfolio will typically have 50% or more net equity exposure. The Fund's currency exposure is actively managed.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.54	Nil

### PM CAPITAL Absolute Performance Fund

#### Investment objective

Aims to provide positive net returns over a three to five year period by investing in a concentrated portfolio of global equities. It is likely the Fund will have varied outcomes to that of the global equity benchmark. Tax and currency are managed in consideration of Australian Investors.

#### About the investment option

PM CAPITAL's investment philosophy states 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 35-45 globally listed equities. PM CAPITAL may:

- invest in cash (up to 100%) of assets if it cannot find appropriate equity investments, or
- use leverage,
- use derivatives for hedging purposes,
- options to reduce market risk, and
- short sell stocks.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
1.40	0.12

Includes performance fees



## T. Rowe Price Global Equity Fund

### Investment objective

Aims to provide long-term capital appreciation by investing primarily in a portfolio of securities listed on various global securities exchanges.

### About the investment option

T. Rowe Price invests in a concentrated portfolio of 60-120 companies that have a market capitalisation of at least US\$1 billion and are listed on global securities exchanges. Up to 20% of the Funds' assets may be invested in companies listed on securities exchanges of developing countries.

The Funds' foreign currency exposures will not be hedged to the Australian dollar.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.98	0.12

## Vanguard International Shares Index Fund (Hedged)

### Investment objective

Aims to match the return of the MSCI World (ex-Australia) Index (net dividends reinvested), hedged into Australian dollars before deducting fees, expenses and tax.

### About the investment option

To closely track the Index, Vanguard employs optimisation techniques to select a representative sample of shares in the Index (1,700 shares listed on exchanges of 22 of the world's major developed countries) to form the portfolio. The Fund will hold most of the shares in the Index allowing for individual security weightings to vary marginally from the Index from time to time. The Fund uses forward foreign exchange contracts to offset the fluctuation in the value of the currencies in the countries where the securities are held. The net result for the Fund is that its total return is relatively unaffected by currency fluctuations.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.29	0.12

# Investment options not managed by MLC

## Global shares

### Vanguard International Shares Index Fund (Unhedged)

#### Investment objective

Aims to match the return of the MSCI World (ex-Australia) Index (net dividends reinvested), in Australian dollars, before taking into account fees, expenses and tax.

#### About the investment option

To closely track the Index, Vanguard employs optimisation techniques to select a representative sample of shares in the Index (1,700 shares listed on exchanges of 22 of the world's major developed countries) to form the portfolio. The Fund will hold most of the shares in the Index allowing for individual security weightings to vary marginally from the Index from time to time. The Funds' foreign currency exposures will not be hedged to the Australian dollar.

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.26	0.12

## Diversified

### Vanguard Growth Index Fund

#### Investment objective

Aims to match the weighted average return of the target indexes of each of the Vanguard Index Funds in which it invests before taking into account costs and expenses.

#### About the investment option

The Fund is designed to provide investors with a low-cost, diversified portfolio that targets a 70% allocation to growth asset classes (property securities and shares) and a 30% allocation to income asset classes (cash and fixed interest securities).

#### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.36	0.12

## Vanguard High Growth Index Fund

### Investment objective

Aims to match the weighted average return of the target indexes of each of the Vanguard Index Funds in which it invests before taking into account costs and expenses.

### About the investment option

The Fund is designed to provide investors with a low-cost, diversified portfolio that targets a 90% allocation to growth asset classes (property securities and shares) and a 10% allocation to the income asset class of fixed interest securities.

### Investment fees and costs

Investment fee (%pa)	Issuer fee (%pa)
0.37	0.12

# The Employee Retirement Plan

## Investment Facility

### Investment objective

Aims to provide returns, after taking into account fees and taxes, above the Consumer Price Index over five year periods.

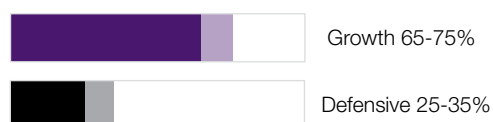
### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

### Target asset allocation

Australian shares	31%
Global shares (unhedged)	16%
Global shares (hedged)	10%
Property securities	4%
Global private assets	6%
Other	3%
<b>Total Growth assets</b>	<b>70%</b>
Debt securities	30%
<b>Total Defensive assets</b>	<b>30%</b>

### We may adjust the target allocation within these ranges:



## Benefit Protection System (closed)

### Investment objective

Aims to provide a level of return similar to cash rates (before taking into account fees and taxes) and a high level of capital security.

### About the investment option

The Fund invests in high quality Australian government, bank or company issued securities that have a minimum credit rating of A1 with Standard & Poors, or a similar rating with another recognised rating agency.

MLC Limited guarantees that the unit price of the Fund will not fall (before the deduction of tax and fees).

# Closed investment options

## MLC Diversified Funds

### Accent Capital Guaranteed Fund

#### Investment objective

Aims to provide returns higher than cash over time and a high level of capital security.

#### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

#### Target asset allocation

Australian shares	5%
Global shares (unhedged)	3%
Property securities	2%
<b>Total Growth assets</b>	<b>10%</b>
Debt securities	60%
Cash	30%
<b>Total Defensive assets</b>	<b>90%</b>

MLC Limited guarantees that the unit price of the Fund will not fall (before the deduction of tax and fees).

### Accent Managed Fund

#### Investment objective

Aims to grow your wealth for a moderate level of expected volatility.

#### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

#### Target asset allocation

Australian shares	31%
Global shares (unhedged)	16%
Global shares (hedged)	10%
Property securities	4%
Global private assets	6%
Other	3%
<b>Total Growth assets</b>	<b>70%</b>
Debt securities	30%
<b>Total Defensive assets</b>	<b>30%</b>

#### Fees and costs for Super

Investment Fee (%pa)
0.49

#### Fees and costs for Pension

Investment Fee (%pa)
N/A

# Closed investment options

## MLC Diversified Funds

### Entrepreneur Capital Guaranteed Fund

#### Investment objective

Aims to provide returns higher than cash over time and a high level of capital security.

#### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

#### Target asset allocation

Australian shares	5%
Global shares (unhedged)	3%
Property securities	2%
<b>Total Growth assets</b>	<b>10%</b>
Debt securities	60%
Cash	30%
<b>Total Defensive assets</b>	<b>90%</b>

MLC Limited guarantees that the unit price of the Fund will not fall (before the deduction of tax and fees).

### Entrepreneur Managed Fund

#### Investment objective

Aims to grow your wealth for a moderate level of expected volatility.

#### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

#### Target asset allocation

Australian shares	31%
Global shares (unhedged)	16%
Global shares (hedged)	10%
Property securities	4%
Global private assets	6%
Other	3%
<b>Total Growth assets</b>	<b>70%</b>
Debt securities	30%
<b>Total Defensive assets</b>	<b>30%</b>

#### Fees and costs for Super

Investment Fee (%pa)
0.40

#### Fees and costs for Pension

Investment Fee (%pa)
N/A

## National Balanced Fund

### Investment objective

Aims to grow your wealth for a moderate level of expected volatility.

### About the investment option

The Fund is diversified within asset classes, across asset classes and across investment managers who invest in many companies and securities around the world.

### Target asset allocation

Australian shares	31%
Global shares (unhedged)	16%
Global shares (hedged)	10%
Property securities	4%
Global private assets	6%
Other	3%
<b>Total Growth assets</b>	<b>70%</b>
Debt securities	30%
<b>Total Defensive assets</b>	<b>30%</b>

### Fees and costs for Super

Investment Fee (%pa)  
0.58

### Fees and costs for Pension

Investment Fee (%pa)  
0.48

# Closed investment options

## Investment options not managed by MLC

### Diversified

#### BlackRock Balanced Fund

(formerly known as Merrill Lynch Balanced Fund)

#### Investment objective

Aims to provide a combination of capital growth and income with a greater weighting to capital growth.

#### About the investment option

The Fund invests in a diversified portfolio of Australian and international shares, property securities, fixed interest securities and cash with a bias towards Australian assets.

The Fund invests directly in the physical instruments (such as equities and property trusts), derivatives (most asset allocation positions are implemented via derivatives), or in other Funds and products managed by BlackRock. The Fund may also use structured investments (a combination of physical instruments and derivatives) from time to time.

#### Target asset allocation

Australian equities	38%
International equities	26%
Property	6%
<b>Total Growth assets</b>	<b>70%</b>
Australian Fixed income	15%
International fixed income	10%
Cash	5%
<b>Total Defensive assets</b>	<b>30%</b>

#### BT Balanced Returns Fund

(formerly known as BT Balanced Fund)

#### Investment objective

Aims to provide returns above the benchmark over rolling 5 year periods before taking into account fees, costs and taxes.

The benchmark is a blend of indices based on the weighted average Neutral Position's asset allocation.

#### About the investment option

The Fund invests in a diversified portfolio of Australian and international shares, fixed interest, Australian and international property securities, alternative investments and cash.

#### Target asset allocation

Australian shares	33%
International shares	18%
Australian property	4%
International property	3%
Alternative investments	8%
<b>Total Growth assets</b>	<b>66%</b>
Australian fixed interest	17%
International fixed interest	7%
Cash	10%
<b>Total Defensive assets</b>	<b>34%</b>

The international fixed interest, property and alternative investment exposures are fully hedged to the Australian dollar. Generally, up to 20% of the Fund's international share exposure can be hedged to the Australian dollar or actively managed.

The total exposure to derivatives is limited to 10% of the Fund's assets.

#### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
0.95	0.12

#### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
0.93	0.12



**BT Wholesale Active Balanced Fund**  
(formerly known as BT Active Balanced Fund)

**Investment objective**

Aims to provide returns above the benchmark over rolling 5 year periods before taking into account fees, costs and taxes.

The benchmark is a blend of indices based on the weighted average Neutral Position's asset allocation.

**About the investment option**

The Fund invests in a diversified portfolio of Australian and international shares, fixed interest, Australian and international property securities, alternative investments and cash.

**Target asset allocation**

Australian shares	38%
International shares	20%
Australian property	5%
International property	3%
Alternative investments	8%
<b>Total Growth assets</b>	<b>74%</b>
Australian fixed interest	17%
International fixed interest	7%
Cash	2%
<b>Total Defensive assets</b>	<b>26%</b>

The international fixed interest, property and alternative investment exposures are generally fully hedged to the Australian dollar. The international share exposure will generally not be hedged to the Australian dollar, and will be actively managed.

**Investment fees and costs**

<b>Investment Fee (%pa)</b>	<b>Issuer Fee (%pa)</b>
0.98	0.12

**Colonial First State Diversified Fund**

**Investment objective**

Aims to provide medium to long-term capital growth together with some income.

**About the investment option**

The Fund invests in an actively managed portfolio of Australian and global shares, property securities, fixed interest securities and cash.

**Target asset allocation**

Australian shares	35%
Global shares	23%
Global resource shares	5%
Australian property securities	5%
Global property securities	2%
<b>Total Growth assets</b>	<b>70%</b>
Fixed interest and cash	30%
<b>Total Defensive assets</b>	<b>30%</b>

The Fund's foreign currency exposures may be hedged.

**Investment fees and costs**

<b>Investment Fee (%pa)</b>	<b>Issuer Fee (%pa)</b>
0.95	0.12

# Closed investment options

## Investment options not managed by MLC

### Diversified

#### INVESCO Diversified Growth Fund (formerly known as INVESCO Growth Fund)

##### Investment objective

Aims to provide medium to long-term growth by investing in a range of assets, with an emphasis on growth assets.

##### About the investment option

The Fund invests in Global and Australian shares, fixed interest, property securities, derivatives, foreign currency and cash.

##### Target asset allocation

Australian shares	45%
Global shares	23%
Global property securities	5%
<b>Total Growth assets</b>	<b>73%</b>
Australian fixed interest	17%
Global fixed interest	5%
Cash	5%
<b>Total Defensive assets</b>	<b>27%</b>

The currency exposures of the Fund are generally unhedged.

##### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
1.11	0.12

### Debt securities

#### Colonial First State Wholesale Income Fund

##### Investment objective

Aims to provide consistent monthly income, while minimising the risk of capital loss, by predominantly investing in a broad selection of Australian-based mortgages, fixed interest investments and cash.

##### About the investment option

The Fund invests in a broad selection of quality Australian-based mortgages, fixed interest investments and cash, placing emphasis on the management of credit risk. The Fund does not generally directly purchase securities that give rise to material currency risk. The Fund aims to hedge any currency risk that occurs.

##### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
0.60	0.12

#### UBS Diversified Credit Income Fund (formerly known as UBS Hybrid Income Fund)

##### Investment objective

Aims to provide an income and potential for capital growth when measured over rolling three-year periods.

##### About the investment option

UBS invests in global listed and unlisted debt securities as well as other UBS Funds. A portion of the assets are invested in hybrid securities which display characteristics of both shares and bonds such as convertible notes and exchangeable notes. Currency is actively managed to a minimum 90% Australian dollar exposure. Derivatives may be used to implement the Fund's strategy.

##### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
0.70	0.12

## Australian shares

### UBS Australian Share Fund

#### Investment objective

Aims to provide a total return in excess of the S&P/ASX300 Accumulation Index when measured over rolling five-year periods, after taking into account fees.

#### About the investment option

The Fund primarily invests in companies listed on the Australian Securities Exchange. It may also invest in companies listed on the New Zealand Securities Exchange as well as other UBS Funds. At least 75% of the assets must be invested in Australian companies that make up the S&P/ASX100 Index. A maximum of 10% of assets can be held in cash.

#### Investment fees and costs

Investment Fee (%pa)	Issuer Fee (%pa)
0.80	0.12

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