Walter Scott & Partners Limited

- Manages global shares for MLC, since 2005
- Manages A$74 billion across the company at 30 June 2014
- Over 30 years of fund management experience (founded in 1983)

Why MLC has chosen Walter Scott?

Walter Scott has a strong focus on real returns over a long time horizon, which differentiates the firm from many other investment managers. Walter Scott is solely committed to global equity investment. It pays no attention to indices and practices a disciplined ‘buy and hold’ approach to stock picking. Part of the firm’s competitive edge is that it considers the value of stocks over a much longer timeframe than the rest of the market. This results in a unique portfolio of approximately 50 stocks which is managed by a very close knit, stable team of investment professionals.

Philosophy on investing

The objective for all long-term investors is to maintain and enhance the after-inflation purchasing power of their assets. Walter Scott targets long-term compound real returns of 7% to 10% per annum for portfolios it manages. This will most likely be achieved by investing in companies with high rates of internal wealth generation which in time will translate into total return to the investor. Thus the firm’s research efforts are directed towards identifying companies that meet its investment criteria.

Please note these targets are not a guarantee of performance.

JANE HENDERSON
Managing Director
Investment process

Walter Scott’s core conviction is that the return to shareholders can, over the long term, never be as great as the wealth generated by the underlying businesses in which they are invested. Original research is at the heart of the firm’s investment process, which seeks to identify companies capable of sustained high rates of wealth generation. This is the firm’s primary value-adding activity and is carried out by its own investment professionals.

Walter Scott’s portfolios are the result of stock picking and its long-term ‘buy and hold’ approach has led to low turnover. The industrial and geographic structures of portfolios reflect the firm’s independent judgement, rather than the composition of indices.

Portfolios are managed by bringing to bear the skill, judgement and experience of Walter Scott’s investment team. The team works closely together in an open and collegiate environment. New members of the team are trained and developed by senior members, whose long experience combines with a very low staff turnover to ensure consistency of philosophy, process and culture.

Walter Scott's investment philosophy and process has been strictly followed since the firm was founded in 1983 and therefore all stocks held in a portfolio can be considered examples of the outcome of that process.

Walter Scott’s fundamental, bottom-up investment approach combines detailed financial research with business and industry analysis. Meetings with company management are central to the process. Over 600 companies are met face-to-face per annum.

Some consideration is given to a company’s economic and political environment; however fundamentals are what primarily dictate investment decisions. Growth, margin structure, internal cash generation, balance sheet strength, market leadership, barriers to entry and sustainability of the business franchise dominate Walter Scott’s investment focus. Walter Scott also believes that there is a very strong link between corporate governance and corporate performance, so is committed to encouraging the highest standards of governance in the companies in which it invests.

All investment proposals are discussed by the investment team and must gain unanimous approval before a stock enters the portfolio. Conversely, a sell decision requires one well-researched dissenting argument. Portfolios are built bottom-up, stock by stock and monitored daily.

Investment people

The key people who make decisions on MLC’s portfolio:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years with firm</th>
<th>Years of experience</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roy Leckie</td>
<td>Director</td>
<td>18</td>
<td>18</td>
<td>BSc (Hons) Statistics, University of Glasgow</td>
</tr>
<tr>
<td>Charlie Macquaker</td>
<td>Director</td>
<td>22</td>
<td>22</td>
<td>BSc Econ (Hons) European Studies, Buckingham University</td>
</tr>
<tr>
<td>Rodger Nisbet</td>
<td>Executive Chairman</td>
<td>20</td>
<td>20</td>
<td>BA (Hons) Environmental Design, University of Dundee</td>
</tr>
<tr>
<td>Jane Henderson</td>
<td>Managing Director</td>
<td>18</td>
<td>18</td>
<td>BSc (Hons) Marine &amp; Environmental Biology, University of St Andrews</td>
</tr>
<tr>
<td>Hilda West</td>
<td>Investment Manager</td>
<td>18</td>
<td>18</td>
<td>BA (Hons) Business Studies, Napier University</td>
</tr>
<tr>
<td>Jimmy Smith</td>
<td>Director</td>
<td>30</td>
<td>30</td>
<td>MA Economics, University of Edinburgh</td>
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<tr>
<td>Keith Bilton</td>
<td>Head of Dealing</td>
<td>16</td>
<td>16</td>
<td>BA (Hons) Business Studies, Napier University</td>
</tr>
<tr>
<td>Jamie Mayer</td>
<td>Portfolio Implementation Senior Manager</td>
<td>10</td>
<td>10</td>
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</tr>
</tbody>
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Data as of 30 June 2014
Structure of the firm

Executive Chairman
Rodger Nisbet

Managing Director
Jane Henderson

Chief Compliance Officer
Anna Nicholl

Finance
Elizabeth Pearston

Client Service
Francis Sempill

Investment Management
Roy Leckie & Charlie Macquaker

Operations
Vacancy (tbd) & Ross Findlay

Data as of 30 June 2014

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