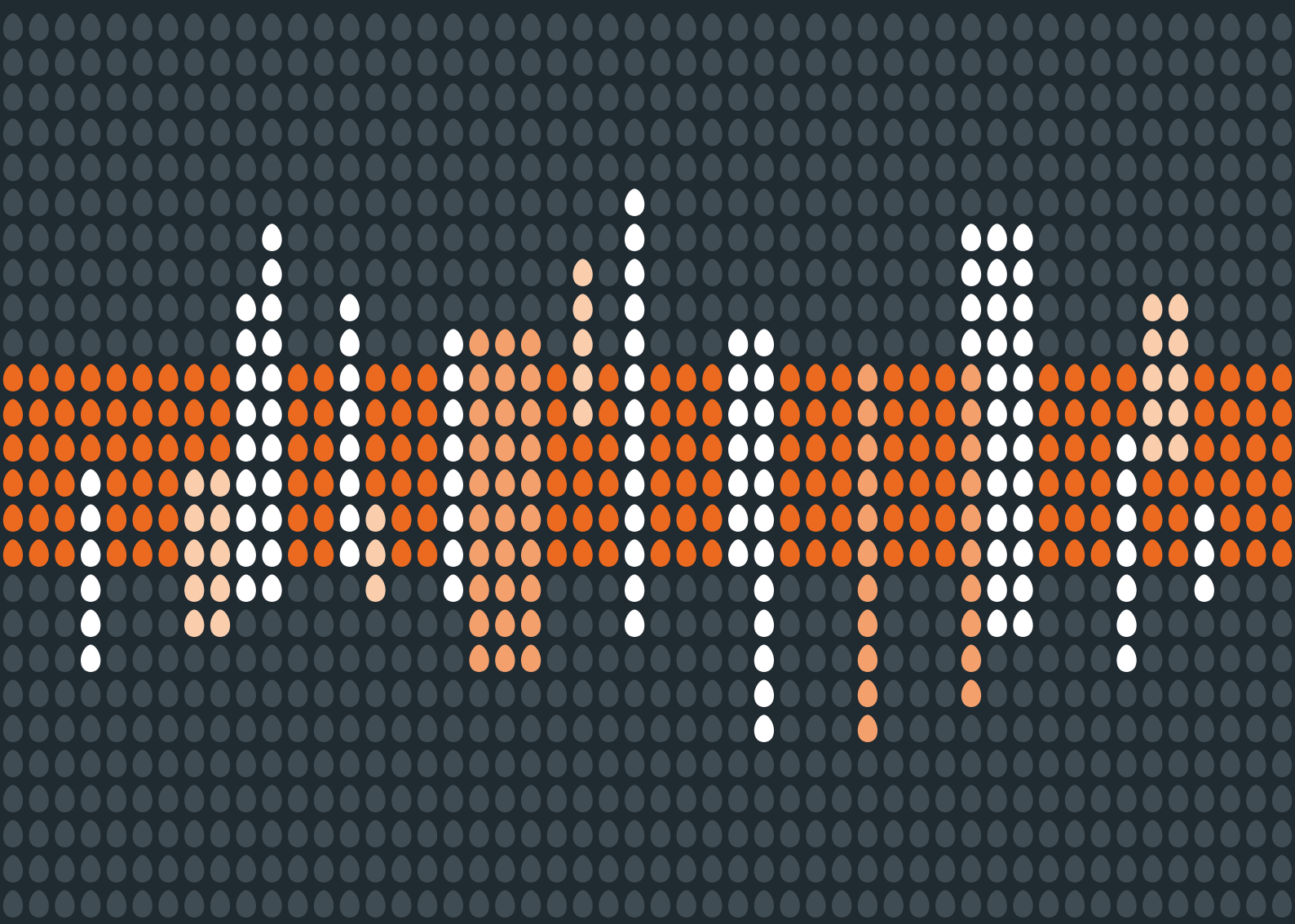




ASSET MANAGEMENT

MLC Inflation Plus portfolios



Plan for your future

Investing can be a great way to grow your wealth and establish a secure foundation for your financial future.

But markets, and the returns they deliver, can be unpredictable and volatile. So you may feel uncertain about simply relying on market performance to deliver the returns you need.

Some of the things you might be worried about are:

- rollercoaster returns from the share market – swings up and down
- big market losses that can set back your investment and are difficult to recover from
- returns that don't keep pace with inflation, so the purchasing power of your money declines
- who has the skill and experience to manage your money in a complex, rapidly changing environment.

The MLC Inflation Plus portfolios are actively managed portfolios that aim to provide you with returns above inflation over a particular time frame, through different investment environments.

Our experts aim to deliver a smoother path of returns than the market and limit the risk of big losses that can permanently reduce your wealth.



*Past performance is not necessarily indicative of future performance.

Plan for your future

Actively managed portfolios that aim to deliver returns above inflation, through different investment environments.

MLC Inflation Plus portfolios at a glance



Choice of three portfolios

Select the portfolio with the right return target and investment time frame to help you achieve your financial goals.



Above-inflation return objective

Each portfolio is actively managed to target a return above inflation, rather than simply relying on market performance for returns.



Experience and track record

We've successfully used the 'inflation plus' approach since 2005, a period that included the global financial crisis. And the portfolios are designed and managed using our market-leading investment process, including our Investment Futures Framework.*



Focus on risk management

We aim to achieve target returns by carefully managing risk, particularly by focusing on limiting the risk of big losses that can set back your investment. This also helps smooth the returns of the portfolios.



Flexible asset allocation

As markets change, we adjust the mix of assets in the portfolios so they are better positioned to deliver returns and manage risk.



Extensive diversification

Investing in a very wide range of assets and strategies gives us many sources of return and ways to manage risk. The portfolios also benefit from the insights of specialist investment managers from all over the world

Why do investment returns need to beat inflation?

Inflation is the rise in the cost of living. Over time, it reduces the purchasing power of your money, which means the same amount buys you less.

To maintain the purchasing power of your money, you need a return on your investments of at least the inflation rate.

It's important to keep this in mind when deciding what return you need from your investments.

For example, a 3% return for a 12-month term deposit sounds attractive. But if inflation is 2%, the 'real' (above inflation) return on your investment is only 1%.

A common measure of inflation is the Consumer Price Index (CPI).

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Choose the right portfolio to help you plan your future

You can choose from three MLC Inflation Plus portfolios, each with a different return target above inflation, level of return volatility and investment time frame.

Investors need different solutions depending on the return they want to achieve their financial goals, the level of risk they're comfortable with and how long they have to invest.

If you have many years to invest you might be saving for a particular long-term goal, such as retiring at 60. Although it's a long way off, you want

more confidence that your investment will deliver the returns to help you meet that goal. In this case, the MLC Inflation Plus – Assertive portfolio may suit you.

If you're in or approaching retirement, you may be looking for an investment that will both provide smoother returns than the market's performance and keep your investment growing.

Your confidence in market investing may have been shaken by previous volatility in your returns, and safer options, like a term deposit, may not offer a return above inflation. In these circumstances, you might consider an MLC Inflation Plus portfolio that has the right amount of risk and time frame for you.

MLC Wholesale Inflation Plus			
Portfolio	Investment objective (after management costs)	Time frame to achieve objective	Volatility profile
MLC Inflation Plus Conservative Portfolio	2% pa above inflation	3 years	
MLC Inflation Plus Moderate Portfolio	3.5% pa above inflation	5 years	
MLC Inflation Plus Assertive Portfolio	4.5% pa above inflation	7 years	

In the MLC Inflation Plus Assertive Portfolio, techniques such as derivatives, currency management and short selling may be used to adjust the portfolio's exposure to assets. This portfolio is considered a fund of hedge funds by the Australian Securities and Investments Commission because it uses some sophisticated investment techniques. Please read the **Product Disclosure Statement** for more information.

The careful risk management approach used to manage the portfolios means there may be times, such as when interest rates are unusually low, when the portfolios require an extended period to achieve their return objective. In most circumstances the portfolios are expected to provide positive returns over 3, 5 or 7 year periods (respectively), although there will sometimes be negative returns over shorter periods.

The investment objective describes what the portfolio aims to achieve over a certain timeframe. When comparing performance against the investment objective 'after management fees and costs', the return used has already had any fees and costs of managing your investments deducted.

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

Expertise you can trust

When you invest in financial markets, it's because you want to make your money work harder and grow your wealth.

And you accept returns could be volatile because you understand that achieving high returns over the long term means taking some risk.

But what if your investment time frame isn't long enough to ride out any market downturns? Or what if returns are below inflation? In these circumstances, returns from the market may not provide the returns you need to achieve your financial goals.

We realise that some investors want more certainty about the returns they'll get, and less volatility on the way to getting them.

Aiming for a particular return can help you plan your future with more confidence.

This is why we developed the MLC Inflation Plus portfolios. These portfolios don't rely just on the performance of financial markets to deliver returns. Instead, they're actively managed to aim for above-inflation returns through different investment environments.

Of course, although we carefully manage the portfolios, we can't guarantee they'll deliver the target returns at all times. However, even if there are significant market downturns we expect each portfolio to deliver a positive return over its investment time frame in most circumstances.

A strong track record

We have successfully used the 'inflation plus' approach in the MLC Inflation Plus Assertive Portfolio since 2005, a period that included the global financial crisis.*

Proven investment process

Key to the investment process is our unique Investment Futures Framework.

In an unpredictable and constantly changing world, the Investment Futures Framework helps us continually identify the very wide range of economic and market conditions, or 'scenarios', that could occur.

It then helps us analyse how these scenarios could affect the portfolios. For example, what would happen to your investment if economic growth in China was to slow significantly? Or, what if there was a global pandemic?

Our investment experts use the insights from this analysis to adjust the portfolios. They change the asset allocation to control potential risks and capture return opportunities. This means the portfolios are better positioned for a range of possible future environments.

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Managing risk to control losses and deliver smoother returns

Investors in financial markets often don't realise that the key to achieving strong investment returns is controlling risk – particularly limiting exposure to very large losses.

That's because it can be hard for your portfolio to recover from those losses, especially if you don't have a long time to invest.

Limiting big losses is crucial for investors in or near retirement, who have less opportunity to rebuild their savings.

But it's also important for those newer to investing. A major setback early on can lead these investors to sell out of the market at a bad time, and permanently affect their confidence about investing.

So in managing the MLC Inflation Plus portfolios, we aim to limit the risk of large losses. This approach should also deliver a smoother, less volatile pattern of returns than the market.

We manage risk mainly through the portfolios' flexible asset allocations and wide diversification.

What are the risks?

All investments carry different levels of risk and these should be considered prior to investing. Many factors influence an investment's value. These include, but aren't limited to: investment market sentiment; economic conditions; changes in inflation, interest rates or the value of the Australian dollar; company specific issues; liquidity; risks associated with certain investment techniques, such as derivatives and currency management.

For more information about the risks of investing in the Funds, please refer to the relevant Product Disclosure Statement.

Asset allocations that can change when markets change

Over time, you'll see significant changes in the asset allocations of the MLC Inflation Plus portfolios. That's because these portfolios are managed differently to many traditional investment funds.

The MLC Inflation Plus portfolios have very flexible asset allocations. This means we can easily change the mix of assets as market conditions evolve and we find different ways to manage risk and achieve returns.

In contrast, traditional investment funds often have tight asset allocation ranges. The manager can't make significant changes to the asset mix when markets change. This means the fund's returns largely reflect market performance – good or bad.

Extensive diversification to manage risk and capture returns

Different types of assets perform well in different times and circumstances – when some are providing strong returns, others may not be.

The MLC Inflation Plus portfolios can invest across a very wide range of assets and strategies to help smooth out the portfolios' returns.

Simply investing in mainstream assets (like shares, bonds and cash) won't always provide the returns to achieve the portfolios' above-inflation targets. So we also invest in other asset classes like infrastructure and private equity as well as carefully chosen alternative assets and strategies (like hedge funds) that can help us deliver returns and manage risk. Some of these sophisticated strategies are unique to us.

The portfolios aren't just diversified across asset classes and strategies, but also across investment managers.

We use many specialist managers, who may be our own investment experts or some of the best investment managers from around the world.

A trusted manager for your money

With over 35 years of managing diversified portfolios, you can be confident you're invested with one of Australia's most experienced wealth managers.

Easy access to sophisticated investing

Accessing the MLC Inflation Plus portfolios is simple.

It's easy to get started

The portfolios are available through:

- MLC Investment Trust if you have a minimum of \$20,000
- mFund, a managed fund settlement service operated by the Australian Securities Exchange (ASX)
- a range of MLC and external platforms.

A clear view of your investments and markets

You'll always know exactly how your investment is performing through our Fund Profile Tool on:

- mlc.com.au – for an investment through MLC retail products
- mlcam.com.au – for a direct investment with us.

There you'll find indepth commentary explaining where your money's invested and why.

And our investment experts will keep you across what's happening in markets and economies around the globe, along with any changes we've made to your portfolio.

Next steps...

To find out more about the MLC Inflation Plus portfolios or to invest, please speak with your financial adviser or call us on **132 652**.

mlcam.com.au

mlc.com.au



**For more information call us
from anywhere in Australia
on 132 652 or contact your
financial adviser.**

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Important information

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Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

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