



ASSET MANAGEMENT

MLC Index Plus portfolios



Cost-effective access to global assets, and more

The MLC Index Plus portfolios give you access to returns from investment markets through an intelligent blend of index, enhanced index and active investment strategies.

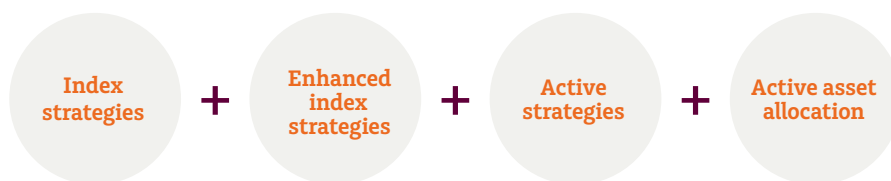
They're invested across a wide range of assets in and outside Australia.

Plus, the asset allocation of the portfolios is actively managed by MLC's experienced investment team.

Using the market-leading investment approach they apply to all of MLC's multi-asset portfolios, the investment team gains insights about the changing risks and returns of each asset class.

With these insights, they make active decisions about what mix of assets and strategies can best achieve the MLC Index Plus portfolios' objectives in constantly changing markets.

It's an effective combination: MLC's expertise in managing multi-asset portfolios, and carefully chosen index and active investment approaches, to provide low-cost market returns.



Why invest in the MLC Index Plus portfolios?



Complete diversified solutions

Exposure to a range of investment managers and asset classes, including Australian and global shares and fixed income and global property securities. Use as your complete investment portfolio or as its core.



Active management of the asset mix

Our investment experts can adjust the asset allocations, within defined limits, to help manage risk and returns as markets change.



Cost-effective investing

To keep costs low, we use mainly index and index-based strategies to select investments. We actively manage some asset classes, like fixed income, where an active approach can make a real difference and is worth paying for.



MLC's expertise

Benefit from the insights of the experienced investment team that manages all of MLC's multi-asset portfolios.

By investing in an MLC Index Plus portfolio, you're investing in thousands of companies around the world.

Here's a selection.



Source: Factset, 31 December 2019. Investments are in the MLC Index Plus Balanced portfolio in MLC MasterKey Super & Pension Fundamentals.

Low-cost, diversified investment solutions, plus more

The MLC Index Plus portfolios combine carefully selected index and active approaches with MLC's expert management of the asset mix.



Well-diversified portfolios

All investments involve some risk, so if you want to grow your wealth by investing, you have to take risk.

But there are smart ways to help manage risk, like diversification.

Diversification means investing across many different types of assets to spread your risk. It means you're less exposed to the ups and downs in performance of one asset class or one single investment. Diversification in a portfolio helps smooth out returns over time.

The MLC Index Plus portfolios are well diversified both across asset classes and the investment managers we appoint. Our managers invest in thousands of companies and securities around the world across Australian and global shares, global property securities and Australian and global fixed income.



Index investing to keep costs low

Many of the portfolios' investments are in cost-effective index or enhanced index strategies.

We use these approaches for shares and property securities.



Active investing where it matters most

We use active managers in asset classes where it can make an important difference to returns or risks without substantially increasing fees.

Fixed income investments are a good example. If we simply invested in fixed income indices, the portfolios would be exposed to one of the main risks of fixed income investing: that if interest rates go up, the value of the investments will fall. By actively managing fixed income, we can lessen this risk while maintaining a well-diversified exposure to these assets.

Another key reason to actively manage fixed income is that fixed income indices are heavily weighted to bonds issued by the most indebted countries. Rather than expose investors to this level of risk, we prefer to actively select fixed income investments.

In addition to our active management of fixed income, we use some other active strategies to increase diversification and smooth out returns over the long term.

We're always looking for ways to improve the portfolios, so the way we use active and index strategies may change over time.



Expert management of the asset mix

Many low-cost investment funds take a 'set and forget' approach to asset allocation. In the MLC Index Plus portfolios, our experienced investment team actively manages the asset allocation.

If we think the risk of an asset class is becoming too high, we can make adjustments within defined ranges to reduce its allocation and increase exposure to an asset class we think will deliver better returns for less risk.

You benefit from the asset allocation insights of MLC's expert Capital Markets Research team, which has managed MLC's multi-asset portfolios since 2005, for a much lower cost than in a fully active fund.



Investing with MLC

MLC is one of Australia's most experienced investment managers.

We've successfully managed multi-asset funds for more than 30 years and the MLC Index Plus portfolios have provided strong returns since they began in 2011¹, so you know you're in good hands.

At 30 September 2019, MLC had \$120.6 billion in funds under management.²



Index or active management?

The MLC Index Plus portfolios' intelligent blend of index and active approaches gives you the best of both worlds at a low cost.

Active managers

These managers analyse and select investments for a portfolio. They offer the potential for performance above the market through 'stock picking'.

Index, or 'passive', managers

These managers invest in the same securities, and in the same proportions, as a market index like the S&P/ASX 200. They offer the potential for returns close to the index. Index funds usually have lower fees than active funds that invest in similar assets, as they don't need analysts to select investments and tend to trade less than active funds.

Enhanced index managers

These managers use aspects of both index and active investing.

¹ Based on since inception returns as at 31 December 2019 for the MLC Index Plus portfolios in MLC MasterKey Super & Pension Fundamentals. 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.

² Source: MLC Asset Management Services Limited

Select the portfolio that meets your investment needs

Choose from three complete investment solutions.

Each MLC Index Plus portfolio has a different asset allocation, made up of **growth** and **defensive** assets and strategies.

These asset mixes are designed to deliver different levels of return and risk (that is, volatility of returns). The higher a portfolio's allocation to growth assets, the higher the expected level of both long-term returns and risk.

You can use an MLC Index Plus portfolio as your complete investment portfolio or as the core, adding other investments.

What are growth and defensive assets?

Generally, asset classes can be grouped as growth or defensive.

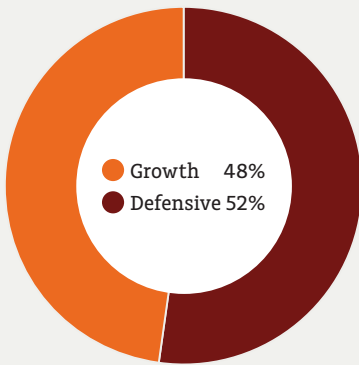
- **Growth assets**, like shares and property securities, are mostly used to provide capital growth in a portfolio. They're higher risk than defensive assets but usually provide higher returns over the long term.
- **Defensive assets**, like cash and fixed income, are generally included in a portfolio to help stabilise returns, as income is often a big part of the return from these assets. Defensive assets usually provide lower risk and lower returns over the long term.

The MLC Index Plus portfolios

Each portfolio aims to:

- deliver returns that meet the portfolio's benchmark, and
- reduce risk in the portfolio when we consider risks are too high.

1 MLC Index Plus Conservative Growth portfolio*

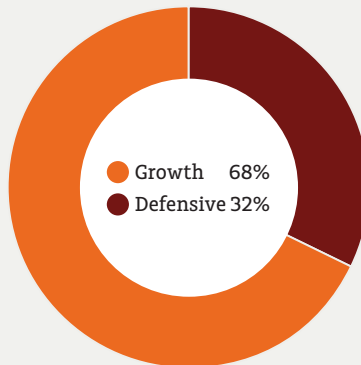


Total growth assets: 40-60%
Total defensive assets: 40-60%

May suit you if you want a diversified, low cost investment portfolio with:

- some long-term capital growth, and
- an investment time frame of at least four years.

2 MLC Index Plus Balanced portfolio*

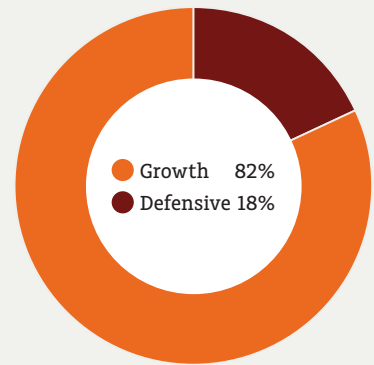


Total growth assets: 60-80%
Total defensive assets: 20-40%

May suit you if you want a diversified, low cost investment portfolio with:

- long-term capital growth, and
- an investment time frame of at least five years.

3 MLC Index Plus Growth portfolio*



Total growth assets: 75-95%
Total defensive assets: 5-25%

May suit you if you want a diversified, low cost investment portfolio with:

- long-term capital growth, and
- an investment time frame of at least six years.

* Benchmark asset allocations at 31 January 2020 for the MLC Wholesale Index Plus Conservative Growth Portfolio, MLC Wholesale Index Plus Balanced Portfolio and MLC Wholesale IndexPlus Growth Portfolio.



How to invest

To find out more about investing in the MLC Index Plus portfolios, speak to your adviser or call us on **132 652**.

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