



MLC Wholesale Inflation Plus - Assertive Portfolio

Product Disclosure Statement (PDS)

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Important information

This PDS provides information about the MLC Wholesale Inflation Plus – Assertive Portfolio (Trust).

This PDS contains important information you should consider before making an investment decision in relation to the Trust. The information provided in this PDS is general information only and does not take into account your objectives, personal financial situation or needs. We recommend you obtain financial advice for your own personal circumstances before making any investment decision.

This PDS is available from mlcam.com.au/MLCWholesale/pds or you can request a copy free of charge by calling us or your investor directed portfolio service, IDPS-like scheme, master trust or wrap operator (collectively referred to as an 'IDPS' in this PDS). If you are accessing the Trust through the ASX mFund Settlement Service (mFund), you can also access this PDS at mFund.com.au. To invest directly in the Trust, you must have received the PDS (electronically or otherwise) within Australia or New Zealand and meet the eligibility requirements set out in the PDS.

The information in this document is up to date at the time of preparation and may change from time to time. If a change is considered materially adverse, we will issue a replacement PDS or supplementary PDS. Information that is not materially adverse to investors can be updated

by us and will be published on our website mlcam.com.au/MLCWholesale/pds. A paper copy of any updates will be provided free of charge upon request. You should check you have the most up to date version before making an investment decision. All amounts in these documents are Australian dollars unless stated otherwise.

MLC Investments Limited (MLC) is part of the Insignia Financial Group of Companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) (Insignia Financial Group). This document has been prepared on behalf of MLC Investments Limited ABN 30 002 641 661 AFSL 230705 as Responsible Entity of the Trust. The capital value, payment of income and performance of the Trust are not guaranteed. An investment in the Trust is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

References in this document to 'MLC', 'we', 'our' or 'us' should be read as references to MLC Investments Limited in its capacity as Responsible Entity.

References in this document to MLC Asset Management Services Limited or MLC Asset Management should be read as references to MLC Asset Management Services Limited, a fully owned subsidiary within the Insignia Financial Group, in its capacity as investment manager.

Warning for New Zealand investors

If you received the offer in New Zealand, to invest in the Trust covered by this PDS, you must invest upfront a minimum subscription amount of NZ\$750,000 (net of any currency exchange losses or costs) and have satisfactorily completed the 'Minimum Subscription Certification' set out in the application form which was provided with this PDS.

Warning

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is NZ\$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

Investments of this kind are not suitable for retail investors. Ask questions, read all information given carefully, and seek independent financial advice before committing yourself.

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1. About MLC and the MLC Inflation Plus portfolios

Who you go through life with makes all the difference

We've created a diverse range of investment solutions so you can grow your wealth the way you want to.

And, we'll continually enhance our products and services to make the most of changing investment opportunities.

Investing with us

We believe the best way to manage our portfolios is to employ the skills of multiple specialist managers. We've appointed MLC Asset Management to advise on and manage the Trust's investments. They have extensive knowledge and experience in designing and managing portfolios using a multi-manager investment approach.

Our portfolios make sophisticated investing straightforward.

Our investment manager uses a market leading investment approach to structure our portfolios to deliver more reliable returns in many potential market environments. And, as their assessment of world markets changes, our portfolios are evolved to capture new opportunities and manage new risks.

MLC Asset Management uses specialist managers in our portfolios. They research hundreds of specialist managers from around the world and select the specialist managers they believe are the best for our portfolios. These specialist managers may be in-house managers, external managers or a combination of both.

Importantly, we stay true to the objectives of our portfolios, so you can keep on track to meeting your goals.

Keeping up to date

Information on the Trust is available on our Fund Profile Tool at mlcam.com.au/MLCWholesale. It's an easy to use, interactive tool that gives you insight into how your money is managed including where your money is invested, the

specialist managers and how your investments are performing.

The MLC Inflation Plus portfolios

We've designed the MLC Inflation Plus portfolios to give you more confidence your investment will deliver the return you need to help meet your financial goals.

The MLC Wholesale Inflation Plus – Assertive Portfolio (Trust) is one of three MLC Inflation Plus portfolios. Each aims to achieve a different return above inflation over a different time frame. This Trust aims to achieve its return above inflation over 7 years and has the highest volatility and return profile of the three portfolios.

Inflation, or the rise in living costs, reduces the purchasing power of your money over time. So to grow your long-term wealth, your investment needs to provide returns above inflation.

The Trust's focus on achieving above-inflation returns and managing the risk of significant negative returns means it's managed differently to most traditional diversified funds.

The Trust can invest in a broader range of assets and strategies. Our investment manager has the flexibility to make large changes to the Trust's asset allocation to capture opportunities for returns and manage risk.

As a result, we expect the Trust will provide a smoother pattern of returns for investors than a traditional diversified fund.

The approach to investing is described in section 4. A market-leading portfolio design process is used, and our investment manager has extensive investment experience.

2. At a glance

The MLC Wholesale Inflation Plus - Assertive Portfolio may be suited to you if:

- you're aiming to achieve a return above inflation but, more importantly, are concerned about losing money over a 7 year period
- you understand the return achieved by the Trust may be significantly higher or lower than its objective
- you want our investment manager to flexibly adjust the Trust's asset allocation in accordance with their changing view of potential opportunities and risks in investment markets
- you want to manage investment risk by diversifying across asset classes and strategies
- you understand the risks of investing in a portfolio that may be leveraged up to 25% of the Trust's net asset value via derivatives, and
- you understand you may receive fluctuating levels of income.

	MLC Wholesale Inflation Plus - Assertive Portfolio (Trust)
Responsible entity	MLC Investments Limited
Investment manager	MLC Asset Management Services Limited, a fully owned subsidiary within the Insignia Financial Group
Custodian	National Australia Bank Limited (NAB)
Administrator	NAB
Investment objective	Aims to deliver a return of 4.5% pa above inflation (after management fees and costs), subject to limiting the risk of negative returns over 7 year periods. This careful risk management approach means there may be times, such as when interest rates are unusually low, when the Trust requires an extended time period to achieve its return objective. In most circumstances the Trust is expected to provide positive returns over 7 year periods, although there will sometimes be negative returns over shorter periods.
Benchmark	Inflation is measured by the Consumer Price Index, calculated by the Australian Bureau of Statistics.
Risk measure	Estimate of 5 to 6 negative annual returns in any 20 year period.
Minimum suggested time to invest	7 to 10 years
Inception date	5 December 2005
Fees and other costs^{1, 2, 3}	<p>Management fees and costs (including GST net of Reduced Input Tax Credit)</p> <p>Management fee equal to:</p> <p>Class A APIR code MLC0667AU (all investors other than MLC MasterKey Investment Service): 0.95% pa of the Trust's net asset value.</p> <p>Class B APIR code MLC0668AU (MLC MasterKey Investment Service): 1.89% pa of the Trust's net asset value.</p> <p>Estimated indirect costs: 0.11% pa of the Trust's net asset value.</p> <p>Performance fee: Estimated to be 0.10% pa of the Trust's net asset value.</p> <p>Transaction costs: Estimated to be 0.10% pa of the Trust's net asset value.</p> <p>Buy-sell spread: 0.10% / 0.10%</p> <p>More information on fees and other costs is located in section 11.</p>

¹ Rounded to two decimal places.

² A reference to the 'Trust's net asset value' in this PDS is a reference to the net asset value referable to Class A units in the Trust or Class B units in the Trust (as relevant).

³ The estimated indirect costs are based on costs incurred for the 12 months to 30 June 2022 and include estimates where information was unavailable at the date this PDS was issued.

2. At a glance

MLC Wholesale Inflation Plus - Assertive Portfolio (Trust)	
Unit pricing frequency	Daily

3. ASIC's benchmarks and disclosure principles

This section of the PDS addresses the Australian Securities and Investment Commission's ('ASIC's') benchmarks and disclosure principles for hedge funds and provides references to other sections of the PDS where you can find further information. This information is intended to assist you in making an informed decision about investing in the Trust. You should read the entire PDS for full details before deciding whether to invest in the Trust. Please note that in this section, the reference to 'benchmark' represents criteria set by ASIC and is not a reference to the Benchmark against which the Trust's performance will be measured, which is set out in section 2 of this PDS.

ASIC's benchmarks

ASIC Benchmark	Summary	Reference
ASIC's benchmark 1: Valuation of assets	This benchmark addresses whether valuations of the non-exchange traded assets of the Trust are provided by an independent administrator or an independent valuation service provider. This benchmark is met as valuation of the Trust's assets is performed by the Trust's custodian, NAB, an independent party to MLC. For more see 'Valuation' on page 34.	'Valuation', page 34.
ASIC's benchmark 2: Periodic reporting	This benchmark is intended to ensure that investors receive periodic reporting on certain key fund information on a monthly and annual basis. This benchmark is met as MLC provides investors with monthly performance and annual reports.	'Keeping you informed', pages 39 and 40.

ASIC's disclosure principles

ASIC Disclosure Principles	Summary	Reference
ASIC's principle 1: Investment strategy	<p>The key aspects of the Trust's investment strategy are flexible asset allocation, wide diversification and a strong focus on risk management.</p> <p>The Trust will primarily invest in underlying funds which invest in asset classes and strategies such as cash, fixed income, shares, property and alternatives.</p> <p>These asset classes and strategies the Trust invests in may be located in any country and held in any currency. The Trust and the underlying funds may use leverage, derivatives and short selling to achieve the investment objective. The Trust invests across a wide range of asset classes and strategies. The Trust's asset allocation ranges (also known as diversification guidelines) are set out in 'Asset allocation ranges' on page 12.</p>	<p>'The Trust's investment strategy', pages 11 to 16.</p> <p>'Changes to the Trust', page 34.</p>
ASIC's principle 2: Investment manager	<p>MLC Asset Management is the investment manager of the Trust.</p> <p>The Trust's key investment decision-makers are Dr Ben McCaw and Alistair (Al) Clark.</p>	<p>'Investment manager', page 16.</p> <p>'Key personnel', page 17.</p>
ASIC's principle 3: Fund structure	<p>The Trust is an Australian registered managed investment scheme that is registered with ASIC and governed by its constitution and the <i>Corporations Act 2001</i> (Cth).</p> <p>The key service providers are identified in section 2 and explained in more detail in section 8.</p> <p>All of the key service providers are located in Australia.</p> <p>A diagram which shows the key service providers to the Trust and the flow of money through the Trust is in section 8.</p> <p>All arrangements between the Trust and the key service providers have been entered into on an arm's length basis and</p>	<p>'The Trust's investment strategy', pages 11 to 16.</p> <p>'Investment manager', page 16.</p> <p>'Responsible parties and Trust structure', pages 18 to 19.</p> <p>'Things to consider before you invest', pages 20 to 26.</p> <p>'Additional explanation of fees and costs', pages 30 to 32.</p>

3. ASIC's benchmarks and disclosure principles

ASIC Disclosure Principles	Summary	Reference
	<p>where the key service providers are members of the Insignia Financial Group, are subject to Insignia Financial Group's Conflicts of Interest Policy.</p> <p>The keys risks to the Trust's structure are counterparty risk, underlying fund risk and service provider risk.</p>	
ASIC's principle 4: Valuation, location and custody of assets	<p>The valuation of Trust's assets is undertaken by NAB, in accordance with our Asset Valuation Policy, the master custody agreement between us and NAB, and industry standards.</p> <p>The types of assets that the Trust invests in and the Trust's asset allocation ranges are set out in 'Asset allocation ranges' on page 12.</p> <p>The asset classes and strategies the Trust invests in may be located in any country and held in any currency.</p> <p>NAB is the custodian of the Trust.</p>	<p>'Key aspects of the investment strategy', page 11.</p> <p>'Asset allocation ranges', page 12.</p> <p>'Selecting specialist managers', page 16.</p> <p>'The custodian and administrator', page 18.</p> <p>'Valuation', page 34.</p>
ASIC's principle 5: Liquidity	<p>We reasonably expect to be able to realise at least 80% of the Trust's assets at the value ascribed to those assets in calculating the Trust's latest NAV, within 10 Business Days.</p>	<p>'Liquidity', page 27.</p>
ASIC's principle 6: Leverage	<p>The Trust, its specialist managers and the funds those managers invest in, will not borrow directly or through an interposed entity to generate returns or make a financial investment. However the Trust may gear up to 25% of the Trust's net asset value through derivatives and therefore, any borrowing costs incurred will be via these derivatives.</p>	<p>'Leverage', page 25.</p>
ASIC's principle 7: Derivatives	<p>The Trust, its specialist managers and the funds those managers invest in, may use derivatives.</p>	<p>'Derivatives', page 25.</p>
ASIC's principle 8: Short selling	<p>The Trust, its specialist managers and the funds those managers invest in, may use short selling.</p> <p>Short selling may be used in the Trust in order to reduce exposure to an asset of the Trust.</p> <p>At the date of this PDS, we anticipate the investment manager would only use short selling where the Trust holds an asset similar to the asset being short sold, so price movements largely offset each other. The key risks associated with short selling and how those risks are managed are set out in this PDS.</p>	<p>'Short selling', page 26.</p>
ASIC's principle 9: Withdrawals	<p>The Trust processes withdrawals daily and generally seeks to make payments within 10 Business Days. In certain circumstances, such as when there are adverse market conditions, we may suspend withdrawals. We may also process requests in instalments over a period of time and may also suspend processing of requests we have already accepted. In certain circumstances we may refuse a withdrawal request.</p> <p>Changes to withdrawal rights will be notified to you in writing.</p>	<p>'Applications and withdrawals', page 33.</p> <p>'Changes to the Trust', page 34.</p>

4. Approach to investing

MLC designs investment solutions with the aim of delivering more reliable returns to investors.

For over 35 years our investment manager has been designing portfolios using a multi-manager approach, to help investors achieve their goals.

The four key aspects of this market-leading investment approach are:

1. Portfolio design

Our multi-asset trusts focus on what affects investor outcomes the most – asset allocation.

Each asset class has its own return and risk characteristics.

Money is allocated between asset classes based on the following beliefs:

- **Risk can't be avoided, but can be managed**

Key to the investment approach is a unique Investment Futures Framework (Framework). The Framework guides a forward-looking approach to capitalising on investment opportunities and managing risk.

In an unpredictable and constantly changing world, the Framework helps continually identify the very wide range of potential market scenarios – both good and bad – that could occur.

The Framework also helps our investment manager analyse how these scenarios could affect the returns and risks of the asset classes in the trusts.

The insights from this analysis are used to work out the combination of asset classes that they believe will best achieve a trust's objective.

This helps prepare our trusts for future market ups and downs.

- **Returns and risks vary through time**

The Framework shows how the potential returns and risks of each asset class could change over the next three to seven years.

With this information, our trusts' asset allocations are adjusted to improve their return potential or reduce risk.

- **Diversification matters**

Asset classes perform differently in different market conditions.

Investing in many asset classes helps smooth out the overall Trust's returns, as asset class ups and downs can offset one another.

2. Managing the portfolio

Our trusts have different investment objectives. That's why our investment manager selects a different mix of assets and specialist managers for each.

The specialist managers may be in-house managers, external managers or a combination of both.

Our investment manager researches hundreds of specialist managers from around the world and select the managers they believe are the best for our trusts.

They are then combined in our trusts so they complement each other.

This multi-manager approach helps to reduce risk and deliver more consistent returns.

You can find out about the Trust's specialist managers at mlcam.com.au/MLCWholesale

3. Ongoing review

To make sure our trusts are working hard for investors, our investment manager continuously reviews and actively manages them.

This includes adjusting the asset allocation, investment strategies and specialist managers.

This may be because our investment manager's assessment of the future market environment has altered or because they've found new ways to balance return and risk in our trusts.

4. Portfolio implementation

We deliver better returns by avoiding unnecessary costs. Our investment manager helps us do this by carefully managing cash flows, tax and changes in our trusts.

5. Benefits of investing in the Trust

More confidence that you'll achieve your financial goals

We've designed the Trust to give investors more confidence that they'll receive a return above inflation over a seven year timeframe, through different investment environments.

Most traditional diversified funds aim to match or outperform a market benchmark. However, even an above-benchmark return won't always be the return investors need, especially when markets are weak. Instead, the Trust's focus is maintaining and growing your real wealth.

The Trust aims to achieve a return above inflation by capitalising on investment opportunities and carefully managing risk – particularly avoiding the big losses that can set back an investment.

Our investment manager focuses strongly on managing the Trust's risk of negative returns over seven years, mainly through:

- flexible asset allocation – as the investment manager's views on the market evolve, the mix of assets can be changed so the Trust is better positioned to achieve its objective, and
- diversification – the Trust invests in a wide range of assets and strategies. This provides more potential sources of returns.

Although our investment manager carefully manages the Trust, we can't remove all risk. At times, the Trust may not achieve its objective.

For information about how we manage the Trust, please refer to 'Key aspects of the investment strategy' on page 11.

A smoother path to your financial goals

Traditional diversified funds usually have tight asset allocation ranges. This prevents the manager making large adjustments to the mix of assets to manage changing market risk. It also means the fund's returns tend to reflect market movements.

In contrast, in managing the Trust our investment manager can move flexibly between asset classes to manage risk. This means the Trust is expected to perform better in weak markets than a traditional diversified fund.

As there's a trade-off between risk and return, this may also mean the Trust lags in strong markets.

We anticipate the outcome for investors will be a pattern of returns that's smoother and less influenced by market movements than a traditional diversified fund.

A proven investment strategy

Since 2005, this flexible, outcome-focused approach has been successfully used to manage this Trust. The investment manager also uses this approach to manage the other two MLC Inflation Plus portfolios.

A market-leading approach to portfolio design

The approach used to design and manage the portfolio recognises we live in a complex, changing world.

The Investment Futures Framework, described in Section 4, is key to this approach. Our investment manager constantly explores the many ways events could unfold in markets worldwide and the potential impact on our trusts.

The investment manager can then adjust the portfolio to capture the potential returns and manage the risks.

This means our trusts are better positioned to deliver more reliable medium to long-term returns to investors.

6. The Trust's investment strategy

The Trust aims to deliver a return of 4.5% pa above inflation (after management fees and costs) subject to limiting the risk of negative returns over 7 year periods.

This careful risk management approach means there may be times, such as when interest rates are unusually low, when the Trust requires an extended time period to achieve its return objective. In most circumstances the Trust is expected to provide positive returns over 7 year periods, although there will sometimes be negative returns over shorter periods.

Key aspects of the investment strategy

The key aspects of the Trust's investment strategy are:

1. Flexible asset allocation

The investment manager actively manages the asset allocation in accordance with their changing assessment of potential opportunities and risks in investment markets. The asset allocation is adjusted when our investment manager identifies new or better ways to manage risk or meet the investment objective.

To adjust exposure to assets, the Trust may also use techniques such as derivatives, currency management and short selling. Each of these techniques, and their role in the Trust's investment strategy, is explained on pages 25 to 26.

2. Diversification

The Trust invests across a wide range of assets and strategies. These may include both mainstream assets (eg shares and bonds) and alternative investments (eg hedge funds) that may not be widely used in other investment funds. This diversification reduces the Trust's dependence on a single type of asset for returns.

The Trust's asset allocation ranges are set out later in this section, and more information about each of these assets and investments is on pages 22 to 24.

The assets and strategies the Trust invests in may be located in any country and held in any currency. To manage them, our investment manager uses carefully selected specialist managers from around the world.

More information about how these specialist managers are selected is on page 16.

3. Strong focus on risk management

The Trust has the flexibility not to invest in an asset class if that would cause too much risk of a negative return over 7 years. This means the Trust may have low exposure to growth assets in some market conditions. However, the Trust's 7 year investment time frame means it will usually have a significant investment in growth assets.

There's more information about how we manage risk on pages 13 to 15.

By managing the Trust in this way, movements in the Trust's value (both up and down) should be less significant.

How does the investment strategy deliver returns?

The investment strategy produces returns from the assets the Trust invests in and the investment techniques it uses (such as currency management, short selling and derivatives). These investment techniques are explained on pages 25 to 26.

The Trust's returns are in the form of:

- income from the assets, such as dividends from shares and interest from fixed income securities (any expenses are deducted from the income)
- changes in the value of the assets in the Trust, such as a change in the price of a share listed on the Australian Securities Exchange. Any liabilities are deducted from the assets, and
- gains and losses from using investment techniques.

What underpins the strategy's ability to deliver returns?

Our investment manager uses its unique Investment Futures Framework to assess the very wide range of possible future economic and market conditions, or 'scenarios', that could occur, and how the Trust's assets would perform in each of these environments.

With this detailed analysis, our investment manager gains an understanding of how return opportunities and risks change over time both for individual asset classes and the Trust as a whole, and therefore how the Trust should be positioned. If necessary, they then adjust the Trust's asset allocation.

This comprehensive, rigorous Framework is the basis of the Trust's ability to produce returns while managing risk. Our investment manager uses the insights from the Framework to determine the asset allocation they believe will help achieve the Trust's investment objective, while controlling risk.

6. The Trust's investment strategy

Asset allocation ranges

	Minimum	Maximum
Cash	0%	30%
Fixed income	0%	50%
Alternatives	0%	50%
Infrastructure	0%	20%
Property	0%	20%
Global shares	10%	80%
Australian shares	0%	40%
Private equity	0%	20%
Defensive assets	0%	60%
Growth assets	40%	100%

The actual asset allocation will move within these ranges.

Recent information on the actual asset allocation and specialist managers is available from our Fund Profile Tool at mlcam.com.au/MLCWholesale

6. The Trust's investment strategy

How the Trust's investment strategy may change

We may make changes to the Trust's investment strategy when we deem it to be in the unitholders' best interests. Changes to the investment strategy may include (but are not limited to) changes to the Trust's investment objective, strategies, performance hurdle, asset allocation ranges and investment processes of the Trust. Where possible, we will give you prior notice of any materially adverse change. Changes that are not materially adverse will be made available on mlcam.com.au/MLCWholesale/pds. For more information refer to 'Changes to the Trust' on page 34.

The Trust's risk management strategy

Managing risk means limiting the probability and extent of negative returns. Risk management is central to our investment manager's decision-making.

The key aspects of the Trust's risk management strategy are:

- an explicit focus on managing risk, not simply delivering returns. The investment manager aims to achieve the investment objective by consistently controlling risk.
- a unique Investment Futures Framework. The Framework helps our investment manager identify how return potential and risk changes over time, providing forward-looking risk control. In particular, focusing on understanding the adverse investment

environments that could occur and how those risks can be mitigated.

- the Trust's flexible asset allocation. This means our investment manager can change the Trust's asset mix so it remains appropriately positioned to both capture potential returns and manage potential risks as market conditions evolve.
- diversification across a very wide range of assets, strategies and managers. This provides many sources of returns and ways to manage risks.

Risks of the investment strategy

All investments carry risk and below are some significant risks that you should be aware of when considering an investment in the Trust.

Please note that this list does not cover every risk of investing in the Trust.

Risk factors that can affect returns	Why it's a risk	How we manage the risk
Markets	Markets are uncertain and experience periods in which expectations are disappointed, resulting in negative returns. Changes in market sentiment and economic and legislative changes in Australia and overseas jurisdictions can impact returns from the asset classes in the Trust.	Our investment manager uses the Investment Futures Framework (which is outlined on page 9) to comprehensively and systematically assess potential future market outcomes and how they could affect the return and risk of assets in the Trust. The Trust's investments are designed to provide an appropriate balance between return potential and risk exposure. The Trust is also diversified across many asset classes, reducing the impact of poor returns from a single asset class or market.
Investment management skill	Our investment manager could overestimate or underestimate risk or make incorrect decisions about the asset allocation of the Trust. If the Trust held incorrect positions for a long time, this could affect the Trust's ability to achieve its objective and may result in negative returns.	The Trust's investment strategy relies on a comprehensive analysis of the sources and extent of returns and risks and how these change through time. Our investment manager's approach builds a detailed understanding of possible future outcomes within a rigorous and disciplined Investment Futures Framework which provides information as to how the Trust's strategy would perform in a wide range of market scenarios. Our investment manager constantly reviews these scenarios and their implications and can flexibly alter the mix of assets to better capture returns and manage risks.
Specialist managers' skill	A particular specialist manager may be affected by an event such as the deterioration in their skill at selecting securities or changes to investment personnel.	Our investment manager reduces the impact of this risk by doing extensive research on the specialist managers, diversifying across a large

6. The Trust's investment strategy

Risk factors that can affect returns	Why it's a risk	How we manage the risk
		number of skilled specialist managers and carefully monitoring them.
Derivatives	Derivatives, their risks and their role in the Trust's investment strategy are explained on page 25.	Please refer to page 25.
Leverage	The use of leverage may increase the return of positive performance or amplify negative performance and therefore the risk and extent of losses.	Please refer to page 25.
Short selling	Short selling, its risks and its role in the Trust's investment strategy are explained on page 26.	Please refer to page 26.
Company specific issues	The value of an investment, such as shares in a company, are affected by events within and outside of the company. These events include changes to management; climate change; environment, social and governance issues; legal action against the company; competitive pressures; profit and loss announcements; and the expectations of investors regarding the company.	Our investment manager selects specialist managers who are skilled at researching and valuing companies and will assess the effect of these factors on a company's value. Extensive diversification also limits the impact of company specific issues on the Trust.
Credit	Investments involving lending to other parties are subject to the risk that the borrower is not able to meet their loan obligations.	The Trust's fixed income securities are well diversified, reducing the exposure to any one borrower. Specialist managers are skilled in assessing the creditworthiness of borrowers.
Interest rate changes	The value of different asset classes, especially fixed income securities, can fluctuate with changes in interest rates. For example, when interest rates rise, existing fixed income securities tend to fall in value. Fixed income securities with longer maturities tend to fall further than those with shorter maturities. Normally, fixed income securities with a longer period until they mature are expected to be rewarded with a higher interest rate (or yield) than those with a shorter period until maturity.	Our investment manager and the selected fixed income specialist managers conduct indepth research to form a view on interest rates. Based on this view, they will either reduce or increase the exposure of the fixed income securities to interest rate changes in an attempt to improve returns.
Liquidity	Investments, such as those in private, unlisted or small specialised markets, mortgages, or alternative investments, are often difficult to buy or sell quickly. Therefore, they may have to be sold at a discount to their market value in some environments. These types of investments are expected to receive a higher return than similar assets on listed markets due to the higher risk associated with their illiquidity.	Illiquid assets are managed within tight limits. Illiquid assets are also generally pooled across MLC funds. This means illiquid assets are not frequently required to be purchased or sold, because transactions may be offset between MLC funds.
Changes in the value of the Australian dollar	The Trust typically includes assets located in other countries. This means your investment value will change if the exchange rate between the Australian dollar and the foreign currency moves. Investments in Australian assets may also be exposed to changes in the exchange rate if their earnings are derived outside Australia, eg Australian companies that export or import goods and services.	There are diversification benefits to including foreign currency exposure in a portfolio. The Trust's foreign currency exposure will vary depending on the potential costs and potential benefits. Currency 'hedging' can be used to manage the impact of exchange rate movements. The role of currency management in the Trust's investment strategy is explained on page 25.

6. The Trust's investment strategy

Risk factors that can affect returns	Why it's a risk	How we manage the risk
Counterparties	All investments, borrowings and transactions (including buying and selling securities) involve a counterparty that is on the other side of the transaction, eg when buying a security, the counterparty is the seller. There is a risk that a counterparty may not be able to meet its obligations.	We diversify counterparties across many institutions and any concentrated counterparty risk is limited to highly rated institutions.
Agency	An agency exists where one party contracts with another to perform duties on its behalf. There is a risk that either of the contracting parties do not perform their duties. A specialist manager is an example of an agent of the Responsible Entity.	Our investment manager monitors and assesses specialist managers regularly to ensure they are performing their duties and managing their assets as expected.

6. The Trust's investment strategy

Investment manager

We've appointed MLC Asset Management to advise on and manage the Trust's investments under an investment advisory and portfolio management agreement. MLC Asset Management is a wholly-owned subsidiary within the Insignia Financial Group and operates under its own Australian Financial Services Licence.

We can terminate the investment advisory and portfolio management agreement at any time by giving three months' (or such lesser period agreed between the relevant parties) notice.

The agreement may also be terminated in a range of specific circumstances such as if a party commits a material breach.

Selecting specialist managers

No one specialist manager will be the best performer in a single asset class at all times and across all market and economic environments. Therefore many specialist managers are used in the Trust. They may be in-house managers, external managers or a combination of both. Our investment manager researches hundreds of specialist managers from around the world and selects the specialist managers they believe are the best for the Trust.

Before appointing specialist managers, our investment manager considers in the due diligence process whether they have the following key qualities:

- a logical and defensible investment philosophy which represents the manager's core investment beliefs
- a rigorous investment approach to execute its investment philosophy
- a firm with high quality, experienced staff and a supportive culture
- a stable ownership structure
- a disciplined, rigorous research process
- robust, careful portfolio construction, and
- timely and cost-effective implementation methods.

Our investment manager constantly reviews current specialist managers to ensure they are investing as expected, and assesses potential managers.

Specialist managers are appointed on an arm's length basis and their agreements with us include no unusual or materially onerous terms. Specialist managers may be appointed or terminated at any time.

There are no formal policies regulating the geographic location of the specialist managers or where they can invest. Some of the specialist managers have a global investment strategy, while others will focus on a particular country or region.

You can find information about the Trust's specialist managers at mlcam.com.au/MLCWholesale on the Fund Profile Tool.

Substantial allocations to funds

The Trust invests into underlying funds to gain exposure to investments. A diagram of the Trust's structure is provided in Section 8.

Our investment manager appoints specialist managers to manage the investments of each underlying fund. These specialist managers have experienced teams able to carry out the strategies of the respective funds, as explained in 'Selecting specialist managers' in Section 6.

As at the date of this PDS, all the Trust's underlying funds are less than 35% of the assets of the Trust. Four underlying funds have allocations of more than 10% of the assets of the Trust:

- Two global shares funds
- One Australian shares fund, and
- One alternatives fund.

The Trust has relatively high allocations to the above four underlying funds to help generate a return above inflation. The global share funds also focus on delivering resilient returns from global shares in difficult economic conditions. The Australian shares allocation focuses on controlling risk to deliver smoother returns with less drawdown risk than the market. The alternatives allocation enables flexible risk management and efficient portfolio implementation. All these funds increase the diversity of investments, strategies and specialist managers in the Trust, and improve the Trust's ability to preserve investors' capital in adverse markets.

As we're always looking for ways to improve returns or reduce risks of the Trust, at times our investment manager makes changes to the specialist managers appointed to the underlying funds. For details of the Trust's specialist managers please visit mlcam.com.au/MLCWholesale/fundupdates. A copy of the document may be obtained from us on request, at no charge.

7. Key personnel

As at the date of this PDS the key individuals involved in the investment decisions for the Trust are Dr Ben McCaw and Al Clark.

Please visit mlcam.com.au for their details.

Ben and Al devote a significant proportion of their time to managing the investment strategy underpinning the Trust. They are responsible for the selection and allocations of the asset classes and strategies included in the Trust.

There have been no adverse regulatory findings against MLC Asset Management or any staff involved in investment decisions.

Dr Ben McCaw, MAppFin, PhD, BSc(Hons)
Senior Portfolio Manager, MLC Asset Management

Ben joined MLC Asset Management in 2008. As Senior Portfolio Manager, Ben has significant responsibilities across portfolio management, research and investment insights. Ben plays a key role in developing the scenarios analysis of the Investment Futures Framework and enhancing the scenario modelling process.

Before joining MLC Asset Management, Ben worked as an Equity Analyst at brokerage firm Emerging Growth Capital, Australia. Prior to that, he worked in Singapore as a Technology Investment Advisor at Asia-Pacific BioVentures.

Al Clark, MAppFin, BEd
Head of Diversified Portfolio Management, Choice, MLC Asset Management

Al Clark joined MLC Asset Management as Head of Investments in November 2019.

He was previously Global Head of Multi-Asset with Nikko Asset Management, Head of Multi-Asset, Asia Pac with Schroders Investment Management, in Singapore, and Head of Multi Strategy, with BT Financial Group. Al started his investing career at Macquarie Bank managing a range of domestic and international fixed income portfolios.

8. Responsible parties and Trust structure

Responsible entity and issuer

MLC Investments Limited is the responsible entity (Responsible Entity) and the issuer of units in the Trust. We are responsible for ensuring that the Trust is operated in accordance with its constitution (Constitution) and the *Corporations Act 2001* (Cth).

The Trust is registered with ASIC. ASIC takes no responsibility for this PDS or the operation of the Trust by us.

As Responsible Entity of the Trust, we outsource a number of tasks associated with the operation of the Trust. These arrangements are documented in agreements which describe the terms on which services will be provided.

We regularly monitor the provision of services by all relevant parties to ensure compliance with these agreements.

The custodian and administrator

NAB is the custodian of the Trust. The custodian's role is to perform custodial services such as to hold the assets of the Trust, source and provide valuations of the Trust's assets and deliver reporting to us. The custodian does not issue interests in the Trust. The custodian holds investments of the Trust as bare trustee and such investments are not investments of NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any member of the NAB Group, guarantees the performance of the Trust, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities.

We have appointed NAB under a custody agreement. We may terminate the agreement at any time by providing not less than 120 days' written notice.

The agreement may also be terminated in a range of specific circumstances such as if a party commits a material breach.

NAB is also the administrator of the Trust and they have outsourced registry services to OneVue Fund Services Pty Ltd who will

provide services such as transactions processing reporting.

The custodian has no supervisory role in relation to the operation of the Trust and is not responsible for protecting your interests. The custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the master custody agreement. The custodian makes no statement in this PDS and has not authorised or caused the issue of it.

The auditor

As at the date of this PDS, KPMG is the auditor of the Trust.

Fees paid to related companies

We may use the services of related companies where it makes good business sense to do so and will benefit our unitholders.

Amounts paid for these services are always negotiated on an arm's length basis and are, in the Responsible Entity's opinion, reasonable remuneration.

Appointments of these companies are made in accordance with the requirements of the Insignia Financial Group's Conflicts of Interest Policy. The Responsible Entity regularly monitors the ongoing compliance of such appointments with the Insignia Financial Group's Conflicts of Interest Policy.

Similarly, we may invest the Trust's assets in vehicles operated by the Insignia Financial Group companies or transact with Insignia Financial Group companies. Such investments are made in accordance with the Insignia Financial Group's Conflicts of Interest Policy and the commercial terms of such investments are always negotiated on an arm's length basis.

Investing in underlying funds

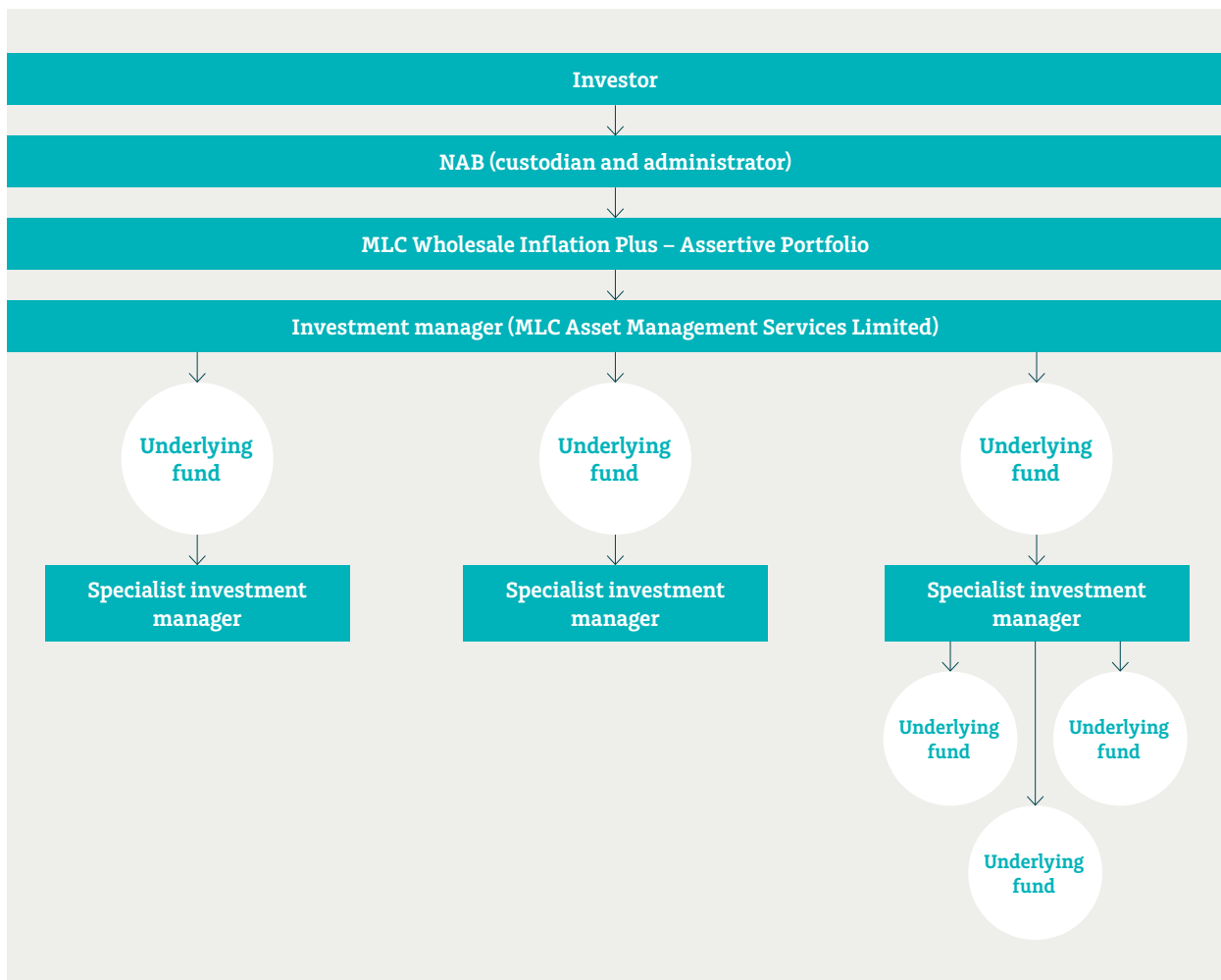
The Trust may access specialist managers via investing in underlying funds operated by MLC and via specialist managers'

pooled investments. The Trust may also hold direct assets.

8. Responsible parties and Trust structure

Trust structure

The following diagram illustrates the flow of investors' money through the Trust.



9. Things to consider before you invest

Before you invest, there are some things you need to consider. How much risk you're prepared to accept is determined by various factors, including:

- your investment goals
- the savings you'll need to reach these goals
- your age and how many years you have to invest
- where your other assets are invested
- the return you may expect from your investments, and
- how comfortable you are with investment risk.

Investment risk

All investments come with some risk. Some investments will have more risk than others, as it depends on the investment's strategy and assets.

The value of an investment with a higher level of risk will tend to rise and fall more often and by greater amounts than investments with lower levels of risk, ie it's more volatile.

While it may seem confronting, investment risk is a normal part of investing. Without it you may not get the returns you need to reach your investment goals. This is known as the risk/return trade-off.

Many factors influence an investment's value. These include, but aren't limited to:

- market sentiment
- changes in inflation
- growth and contraction in Australian and overseas economies
- changes in interest rates
- defaults on loans
- company specific issues
- liquidity (the ability to buy or sell investments when you want to)
- changes in the value of the Australian dollar
- investments and withdrawals by other investors
- changes in Australian and overseas laws, and
- a counterparty not meeting its obligations eg when buying securities, the seller may not deliver on the contract by failing to provide the securities.

Volatility

Periods of volatility can be unsettling and may occur regularly. You may find it reassuring to know that often investments that produce higher returns and growth over long periods tend to be more volatile in the short term.

By accepting that volatility will occur, you'll be better able to manage your reaction to short-term movements. This will help you stay true to your long-term investment strategy.

When choosing your investment, it's important to understand that:

- its value and returns will vary over time
- investments with higher long-term return potential usually have higher levels of short-term risk
- returns aren't guaranteed and you may lose money
- future returns will differ from past returns, and
- laws affecting your investment may change in future.

Diversify to reduce volatility and other risks

Diversification - investing in a range of investments - is a sound way to reduce the short-term volatility of a portfolio's returns. That's because different types of investments perform well in different times and circumstances. When some are providing good returns, others may not be.

Portfolios can be diversified across different asset classes, industries, securities and countries, as well as across investment managers with different approaches.

The more you diversify, the less impact any one investment can have on your overall returns.

One of the most effective ways of reducing volatility is to diversify across a range of asset classes.

9. Things to consider before you invest

Types of assets

Asset classes are commonly grouped as defensive or growth, based on their different characteristics.

Defensive assets, such as cash and fixed income, may help provide positive returns in a portfolio when share markets are weak. On the other hand growth assets, such as shares and property, may be included in a portfolio because of their potential to produce higher returns than cash in the long term.

Multi-asset portfolios are usually invested across both defensive and growth assets because their risk and return characteristics tend to be diverse. However in some market conditions, all types of assets may move in the same direction, delivering low or negative returns at the same time.

The main differences between defensive and growth assets are:

	Defensive	Growth
How they are generally used	To generate income and stabilise returns.	To provide long-term capital growth and income.
Risk and return characteristics	Expected to produce lower returns, and be less volatile, than growth assets over the long term.	Expected to produce higher returns, and be more volatile, than defensive assets over the long term.

9. Things to consider before you invest

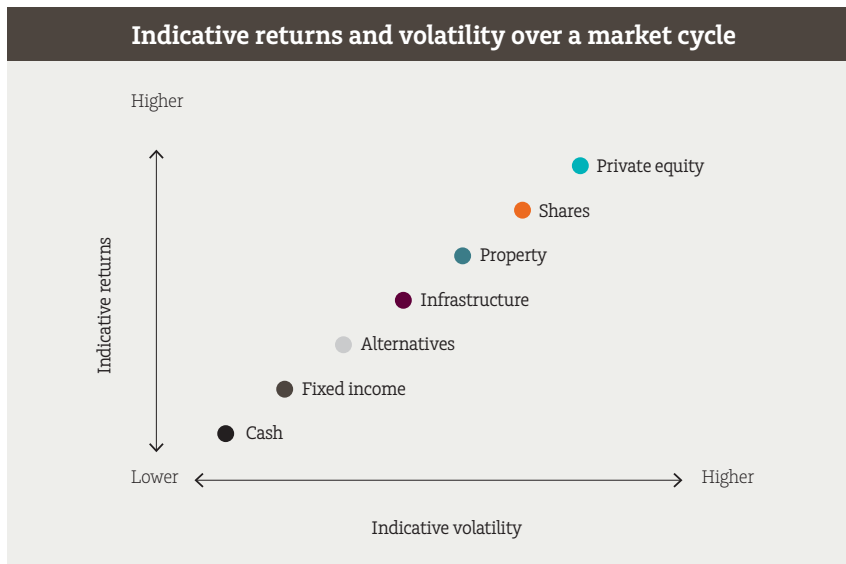
Asset classes

Asset classes are groups of similar types of investments.

Each class has its risks and benefits, and goes through its own market cycle.

A market cycle can take a couple of years or many years as prices rise, peak, fall and stabilise. Through investing for the long term, at least through a whole market cycle, you can improve your chance of benefiting from a period of strong returns and growth to offset periods of weakness.

The following illustration shows indicative returns and volatility for the main asset classes over a whole market cycle. However, each market cycle is different, so unfortunately it isn't possible to accurately predict asset class returns or their volatility. Depending on the conditions at the time, actual returns could be significantly different from those shown.



Source: MLC Asset Management

Here are the main asset class risks and benefits.

Cash

Cash is generally a low risk investment.

Things to consider:

- Cash is often included in a portfolio to meet liquidity needs and stabilise returns.
- The return is typically all income and is referred to as interest or yield.
- Cash is usually the least volatile type of investment. It also tends to have the lowest return over a market cycle.
- The value of an investment in high quality cash securities tends not to change. However, in extreme market environments cash interest rates or

yields could become negative, resulting in a gradual decline in the value of your investment over time.

- Many cash funds invest in fixed income securities that have a very short term until maturity.

Fixed income (including term deposits)

When investing in fixed income securities you're effectively lending money to the issuer of the security, usually businesses or governments. Bonds are a common form of fixed income security. Fixed income is also known as fixed interest.

Things to consider:

- Fixed income securities are usually included in a portfolio for their relatively stable return characteristics relative to listed shares.
- Returns typically comprise interest and changes in the market value of the fixed income security. While income from fixed income securities usually stabilises returns, falls in their market value may result in a loss on your investment. Market values may fall due to concern about defaults on loans or increases in interest rates.
- Values of fixed income securities tend to move in opposite directions to interest rates. So when interest rates rise, fixed income securities' values tend to fall and when interest rates fall, values can rise. When interest rates and

9. Things to consider before you invest

interest income are low or negative, even small rises in interest rates may lead to falling market values and losses.

- Duration is a common measure of an investment's sensitivity to changes in interest rates. To illustrate, if interest rates rise sharply by 1%, and a fixed income fund has a duration of three years, the fund would likely lose approximately 3% of its value. The longer the duration of a fixed income investment, the more its value will be impacted by rising or falling interest rates, and the greater its interest rate risk.
- Market values of fixed income securities may rise or fall due to changes in perceptions of the issuer being able to meet their interest and repayment obligations. This is known as default risk or credit risk. Higher quality issuers are considered investment grade and have a lower credit risk than other issuers. Fixed income securities with higher credit risk are referred to as credit or high yield, and generally have higher potential returns (yields) to compensate investors for their higher risk.
- There are different types of fixed income securities and these will have different returns and volatility.
- Investing in fixed income securities outside Australia may expose your portfolio to movements in exchange rates.

Alternatives

These are a very diverse group of assets. Some examples may include hedge funds, real return strategies, and gold.

Things to consider:

- Because alternatives are diverse, they may be included in a portfolio for their defensive or growth characteristics.
- Alternative investments are usually included in portfolios to increase diversification and provide returns that aren't strongly linked with the performance of mainstream assets.

- Investment managers include alternative investments in a portfolio because they generally expect the return and diversification benefits of alternative investments to outweigh the higher costs often associated with them.
- Some alternative strategies are managed to deliver a targeted outcome. For example, real return strategies aim to produce returns exceeding increases in the costs of living (ie inflation).
- For some alternatives, such as hedge funds, derivatives may be used extensively and it can be less obvious which assets you're investing in compared to other asset classes.
- Some alternative investments are illiquid, which makes them difficult to buy or sell.
- To access alternative investments you generally need to invest in a managed fund that, in turn, invests in alternatives.
- Because most alternative investments aren't listed on an exchange, determining their value for a fund's unit price can be difficult and may involve a considerable time lag.
- Alternatives invested outside Australia may expose your portfolio to movements in exchange rates.

Infrastructure

Infrastructure businesses own, operate, and maintain a diverse range of infrastructure assets such as toll roads, rail facilities, telecommunications networks, and airports. Access to these businesses may be through companies or securities listed on a securities exchange, through unlisted trusts, or direct ownership.

Things to consider:

- Infrastructure is usually included in a portfolio for its income, growth and defensive characteristics.
- As many infrastructure assets are often highly regulated monopolies, their revenue streams tend to be more regular and stable than other growth assets.

- Returns typically comprise income as well as changes in the value of the assets through time.
- Returns are driven by many factors including the economic environment in various countries.
- As a result of differences in valuation frequency, listed infrastructure securities' returns may appear more volatile than unlisted infrastructure.
- Listed infrastructure securities are listed on an exchange, so their prices constantly reflect the market's changing view of their values, while unlisted infrastructure asset valuations are typically periodic and regular.
- Investments in listed infrastructure securities generally provide investors greater diversification across countries, sectors and businesses than investments that aren't listed.
- The global infrastructure market offers more diversification than the Australian infrastructure market.
- Unlisted infrastructure is less liquid which makes it more difficult for an investment manager to buy or sell.
- Investing outside Australia may expose your portfolio to movements in exchange rates.

Property

Access to property may be through trusts listed on a securities exchange (known as listed property securities, Real Estate Investment Trusts, or REITs), unlisted trusts, or direct ownership of property. Investments may include retail, commercial, industrial and residential properties in Australia and around the world.

Things to consider:

- Property is usually included in a portfolio for its income, growth and defensive characteristics.
- Returns typically comprise income (such as rental or REIT income) and changes in value.

9. Things to consider before you invest

- Returns are driven by many factors including the economic environment in various countries.
- Returns from property can be volatile. Because listed property securities are listed on an exchange, their prices constantly reflect the market's changing view of REIT values. Unlisted property values are more difficult to determine and usually involve a considerable time lag. As a result of these differences in valuation frequency, listed property securities' returns may be more volatile than unlisted property.
- Investments in listed property securities generally provide investors greater diversification across countries, sectors, properties, and property-related companies than investments that aren't listed. And the global listed property securities market is even more diversified than the Australian market.
- Unlisted property is illiquid which makes it more difficult for an investment manager to buy or sell.
- Investing outside Australia may expose your portfolio to movements in exchange rates.

Australian shares

This asset class consists of investments in companies listed on the Australian Securities Exchange (and other regulated exchanges). Shares are also known as equities.

Things to consider:

- Australian shares can be volatile and are usually included in a portfolio for their growth and income characteristics.
- The Australian share market is less diversified than the global market because Australia is currently dominated by a few industries such as Financials and Resources.
- Returns usually comprise dividend income and changes in share prices.

- Dividends may have the benefit of tax credits attached to them (known as franking or imputation credits).
- Returns are driven by many factors including the performance of the Australian economy.

Global shares

Global shares consist of investments in companies listed on securities exchanges around the world.

Things to consider:

- Global shares can be volatile and are usually included in a portfolio for their growth characteristics.
- The number of potential investments is far greater than in Australian shares.
- Returns usually comprise dividend income and changes in share prices.
- Returns are driven by many factors including the economic environment in various countries.
- When you invest globally, you're less exposed to the risks associated with investing in just one economy.
- Investing outside Australia means you're exposed to movements in exchange rates.

Private equity

When investing in private equity you're effectively owning shares in privately-owned businesses that aren't listed on exchanges.

Things to consider:

- Private equity is usually included in a portfolio for its growth characteristics.
- Returns are driven by many factors including the economic environment in different countries.
- Private equity can be volatile.
- Private equity may be included in a portfolio and may provide higher returns than listed share markets in the long run, and to increase diversification.
- Private equity is illiquid which makes it difficult to buy or sell.

- To access private equity you generally need to invest in a managed fund that invests in private equity.
- Because private equity isn't listed on an exchange, determining its value for a fund's unit price can be difficult and may involve a considerable time lag.

Investment approaches

Investment managers have different approaches to selecting investments, which invariably results in different returns. No single investment approach is guaranteed to outperform all others in all market conditions.

There are generally two broad approaches: passive and active management.

Passive management

Passive, or index, managers choose investments to form a portfolio which will deliver a return that closely tracks a market benchmark (or index). Passive managers tend to have lower costs because they don't require extensive resources to select investments.

Active management

Active managers select investments they believe, based on research, will perform better than a market benchmark over the long term.

They buy or sell investments when their market outlook alters or investment insights change.

The degree of active management affects returns. Less active managers take small positions away from the market benchmark and more active managers take larger positions. Generally, the larger an investment manager's positions, the more their returns will differ from the benchmark.

Active managers have different investment styles that also affect their returns. Some common investment styles are:

- Bottom-up – focuses on forecasting returns for individual companies, rather than the market as a whole.

9. Things to consider before you invest

- Top-down – focuses on forecasting broad macroeconomic trends and their effect on the market, rather than returns for individual companies.
- Growth – focuses on companies they expect will have strong earnings growth.
- Value – focuses on companies they believe are undervalued (their price doesn't reflect earning potential).
- Income – focuses on generating a regular income stream through selecting companies, trusts and other securities they believe will deliver income, or through using derivatives and other strategies.
- Core – aims to produce competitive returns in all periods.

Investment techniques

Our investment manager and specialist managers may use different investment techniques that can change the value of an investment. Some of the main investment techniques are explained below.

Derivatives

Derivatives are contracts that have a value derived from another source such as an asset, market index or interest rate. There are many types of derivatives including swaps, options and futures. They are a common tool used to manage risk or improve returns.

Some derivatives allow investment managers to earn large returns from small movements in the underlying asset's price. However, they can lose large amounts if the price movement in the underlying asset is unfavourable.

In the Trust, derivatives are mostly used as an alternative to buying or selling assets directly. This can help our investment manager manage risk or enhance returns.

The types of derivatives the Trust typically uses, and their roles in managing the portfolio, may include:

- futures and options – to manage market exposure, for leverage (see page 25) and to improve liquidity
- currency forwards – to manage foreign currency exposure, and
- swaps and swaptions – to manage exposure to assets.

The Trust invests in both exchange traded and over-the-counter derivatives.

A derivative counterparty will sometimes require collateral, or security, from an investment fund. The Trust provides cash as collateral to the counterparties to derivative transactions, as required.

Risks of derivatives can include:

- the value of the derivative declines to zero
- the value of the derivative doesn't move in line with the underlying asset
- the counterparties to the derivative (including the Trust) may not be able to meet payment obligations, and
- the derivative position may be difficult or costly to reverse.

MLC maintains an approved list of over-the-counter counterparties considered to be of suitable credit quality for the Trust and sets and monitors exposures to these counterparties.

MLC's Derivatives Policy outlines how MLC manages derivatives and is available at mlc.com.au/derivatives-policy

The investment management agreements with the specialist managers include strict guidelines about how derivatives may be used. Among other things, the specialist managers are required to meet liquidity and exposure limits. We have arranged for the guidelines to be monitored.

Our specialist managers may also invest in underlying funds that can use derivatives. The specialist managers assess the appropriateness of these funds' use of derivatives in executing the funds' investment strategy both during due diligence, before they invest, and as part of their ongoing monitoring.

Currency management

If an investment manager invests in assets in other countries, its returns in Australian dollars will be affected by movements in exchange rates (as well as changes in the value of the assets).

A manager of international assets may choose to protect Australian investors against movements in foreign currency. This is known as 'hedging'. Alternatively, the manager may choose to keep the assets exposed to foreign currency movements, or 'unhedged'.

Returns from exposure to foreign currency can increase diversification in a portfolio.

In the Trust, foreign currency exposure can form an important part of the investment strategy and is actively managed.

Leverage

The Trust does not directly borrow, however, the Trust can be leveraged implicitly through the use of derivatives, such as futures.

Leverage magnifies exposure to potential gains and losses of an investment. As a result, you can expect larger fluctuations (both up and down) in the value of your investment compared to the same investment which is not leveraged.

It's important to understand the potential risks of leverage, as well as its potential benefits. When asset values are rising by more than the costs of leverage, the returns will generally be higher than if the investment wasn't leveraged. When asset values are falling, leverage can multiply the capital loss. If the fall is dramatic there can be even more implications for leveraged investments.

You need to be prepared for all types of environments and understand their impact on your leveraged investment.

The Trust may leverage in circumstances where our investment manager believes an asset offers a very high potential return compared with its likely risk. At these

9. Things to consider before you invest

times, the Trust may use leverage to increase exposure to the asset and access potential gains to help achieve the Trust's investment objective.

The Trust may leverage through investments in derivatives, including futures and options.

The Trust can leverage up to 25% of the Trust's net asset value through derivatives. This means it can leverage up to \$250 for every \$1,000 you invest. However, if asset values fall dramatically (such as in unusually adverse market conditions), the Trust's leverage level may rise above 25%.

The Trust may also invest in funds managed by specialist managers that can use leverage. These specialist managers can also, in turn, invest in underlying funds that use leverage.

There is no formal policy on leverage for the Trust or the underlying funds. However, our investment manager, or the specialist managers, assess the appropriateness of using leverage in executing the funds' investment strategy both during due diligence before investing and as part of ongoing monitoring.

Example of how leverage magnifies gains and losses

Assume an investment is made in an asset that increases in value by 10%.

If the investment is leveraged by 25%, the return on the leveraged investment would be 12.5% (assuming the leveraging has no costs). Leveraging the investment has magnified the gain by an additional 2.5% return.

However, if the asset falls in value by 10%, and it is leveraged by 25%, the return on the leveraged investment would be -12.5%. Leveraging the investment has magnified the loss by a further 2.5%.

Short selling

Short selling is used by an investment manager when they have a view that an asset's price will fall. The manager borrows the asset from a lender, usually a broker and/or custodian, and sells it with the intention of buying it back at a lower price. If all goes to plan, a profit is made. The key risk of short selling is that, if the price of the asset increases, the loss could be significant.

Short selling may be used by our investment manager to reduce exposure to an asset they believe has become too risky for the Trust. At the date of this PDS, we anticipate that it would only use short selling where the Trust holds an asset similar to the asset being short sold, so price movements largely offset each other. As a result, this largely removes the risk of significant losses. The costs of this short selling are mainly the transactional costs paid to the dealer or broker.

The Trust may also invest in funds managed by specialist managers that can use short selling. The specialist managers can, in turn, invest in funds that use short selling.

There is no formal policy on short selling for the Trust or the underlying funds. However, our investment manager, or the specialist managers, assess the appropriateness of short selling in executing the funds' investment strategy both during due diligence before investing and as part of ongoing monitoring.

10. Further details of the Trust

Liquidity

Our investment manager closely monitors the liquidity of the positions held by the specialist managers in accordance with our liquidity management guidelines and MLC Liquidity Management Plan.

We reasonably expect to be able to realise 80% of the Trust's assets, in accordance with the withdrawal procedures explained in more detail on page 33, within 10 business days.

Responsible investing

Environmental, social, governance (ESG), and ethical factors impact the sustainability of companies and governments and therefore influence the returns from investing. Incorporating ESG and ethical considerations into investment decisions is known as responsible investing.

Examples of ESG and ethical factors are:

- **Environmental** – climate change, waste and pollution, resource depletion.
- **Social and labour standards** – working conditions, employee relations and diversity, health and safety.
- **Governance** – executive pay, bribery and corruption, tax strategy.
- **Ethical considerations** – other factors that could be detrimental to the broader community.

We don't (as Responsible Entity) take into account labour standards, environmental, social and ethical considerations for the purposes of selecting, retaining or realising investments.

Investment management decisions for the Trust are made by our investment manager, and the specialist managers they select.

The investment manager expects active specialist managers to consider material effects any factors may have on investment returns, including ESG and ethical factors. The investment manager, primarily through its specialist managers, may also engage with companies, providing an opportunity to enhance and protect the long-term value of investments. Further information on MLC Asset Management's approach to responsible investing can be found at mlcam.com.au/about-us/responsible-investing

We don't intend for the Trust to invest in tobacco manufacturing companies. The Trust, from time to time, may have a small level of unintended exposure to tobacco-related entities.

The Trust isn't promoted as a socially responsible or ethical investment.

11. Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the Trust or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** MoneySmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

The ASIC managed funds fee calculator can also be used to calculate the effect of fees and costs on account balances.

The fees and costs outlined in this PDS are for the Trust only.

If you are investing in the Trust via an IDPS, you will need to consider the fees and other costs of the IDPS when calculating the total cost of your investment.

If you consult a financial adviser you may also pay an additional fee that will be set out in the Statement of Advice between you and your financial adviser. If investing through mFund, additional fees may also be payable directly to your broker, or your financial adviser who uses a stockbroking service on your behalf. You should consider the Financial Services Guide provided by your broker (or adviser).

This section shows the fees and other costs that you may be charged in relation to the Trust. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

The information in this table can be used to compare fees and costs between different managed investment schemes. Taxes are set out under the 'How managed investment schemes are taxed' section of this PDS.

All fees are shown inclusive of GST and net of Reduced Input Tax Credits (where applicable).

11. Fees and other costs

Fees and costs summary

MLC Wholesale Inflation Plus - Assertive Portfolio		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment.	Class A (All investors other than MLC MasterKey Investment Service) Estimated to be 1.06% pa of the Trust's net asset value, comprised of: <ol style="list-style-type: none"> A management fee of 0.95% pa of the Trust's net asset value Estimated indirect costs of 0.11% pa of the Trust's net asset value Class B (For the MLC MasterKey Investment Service) Estimated to be 2.00% pa of the Trust's net asset value, comprised of: <ol style="list-style-type: none"> An investment fee of 0.95% pa of the Trust's net asset value Estimated indirect costs of 0.11% pa of the Trust's net asset value An administration fee of 0.94% pa of the Trust's net asset value 	<ol style="list-style-type: none"> The management fee is calculated on the Trust's net asset value. It is not deducted from your account directly but from the assets of the Trust. It is accrued daily and paid monthly, and the accrued amount is incorporated into the daily unit price of the Trust. The amount of the management fee may be negotiated by wholesale clients. For further information refer to 'Management fee may be negotiated' in the 'Additional explanation of fees and costs'. Indirect costs are generally deducted from the assets of the Trust as and when they are incurred. For Class B only: <ol style="list-style-type: none"> The administration fee is deducted from the Trust's net asset value. It is not deducted from your account directly but from the assets of the Trust. It is accrued daily and paid monthly, and the accrued amount is incorporated into the daily unit price of the Trust.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Estimated to be 0.10% pa of the Trust's net asset value.	Performance fees are amounts that investment managers may charge when their performance exceeds a specified level. Different performance fees may be charged by different investment managers and will vary depending upon the investment managers' performance.
Transaction costs The costs incurred by the scheme when buying or selling assets	Estimated to be 0.10% pa of the Trust's net asset value.	These costs are paid from the assets of the Trust as and when they are incurred. These costs are an additional cost to you.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated to be 0.10% of the application amount on investments made in the Trust and 0.10% of the withdrawal amount on withdrawal from the Trust.	The buy spread is added to the unit price when you buy units. The sell spread is deducted from the unit price when you sell units. The buy-sell spread is included in the unit price of the Trust and is not charged to you separately.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Switching fee	Nil	Not applicable

11. Fees and other costs

MLC Wholesale Inflation Plus - Assertive Portfolio

The fee for changing investment options

Example of annual fees and costs for the Trust

This table gives an example of how the ongoing annual fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE: MLC Wholesale Inflation Plus - Assertive Portfolio		Balance of \$50,000 with a contribution of \$5,000 during the year ¹
Contribution fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS		And , for every \$50,000 you have in the MLC Wholesale Inflation Plus - Assertive Portfolio you will be charged or have deducted from your investment \$530 for Class A each year.
Management fees and costs		
Management fee	0.95%	
Indirect costs	0.11%	
Total	1.06% for Class A	
PLUS		And , you will be charged or have deducted from your investment \$50 in performance fees each year.
Performance fees	0.10%	
PLUS		And , you will be charged or have deducted from your investment \$50 in transaction costs.
Transaction costs	0.10%	
EQUALS		
Cost of the MLC Wholesale Inflation Plus - Assertive Portfolio		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$630* for Class A. What it costs you will depend on the fees you negotiate.

* Additional fees may apply:

Establishment fee \$0.

And, if you leave the managed investment scheme early, you may also be charged **exit fees** of 0% of your total account balance (\$0 for every \$50,000 you withdraw).

¹ This example assumes the \$5,000 additional investment occurs at the end of the year and that value of the Trust does not change for the entire year. Actual fees and costs are based on the value of the Trust which fluctuates daily. This example isn't designed to illustrate any transactional costs that may apply to you, such as a buy-sell spread

Additional explanation of fees and costs

Management fees and costs

The estimated management fees and costs are fees and costs for investing the Trust's assets. The management fees and costs do not include buy-sell spreads, borrowing costs or transaction costs.

Management fees and costs are made up of the management fee and indirect costs described below.

Management fee

The Responsible Entity receives a management fee for managing the assets of the Trust and overseeing the day to day operations of the Trust. The management fee for the Class B units consists of an investment fee and an administration fee. The management fee for the Class A units consists only of an investment fee. The Responsible Entity will pay out of its investment fee for Class A and B units any fees payable to specialist managers appointed directly by the Responsible Entity, and other costs and expenses incurred in operating the Trust, such as custody costs, registry costs, auditing fees

and tax return fees. The payment of any fees and other costs and expenses out of the management fee does not extend to the performance fee. This will be a cost to the Trust in addition to the management fee. The administration fee for Class B units covers any costs incurred in establishing, operating or closing your account on MLC Masterkey Investment Service. There is no administration fee for Class A units.

Indirect costs

The Trust may also incur costs and expenses that won't be charged as a management fee but are expected to reduce the net return of the Trust. These

11. Fees and other costs

indirect costs are reflected in the daily unit price and any reporting on the performance of the Trust.

Indirect cost amounts included in this document are based on actual costs incurred for the previous financial year and involve estimates where information was unavailable at the date this PDS was issued. Amounts may vary from time to time and you will not be given advance notice of any changes to these amounts. You should refer to mlcam.com.au/ **MLCWholesale** for updated amounts.

Performance fees

Performance fees are amounts that investment managers may charge when their performance exceeds a specified level. This is independent of the overall performance of the Trust and therefore the amounts may be payable to the investment managers even if the Trust itself produces negative performance. Different performance fees may be charged by different investment managers and will vary depending upon the investment managers' performance.

Performance fees are deducted from the assets of the Trust and paid periodically. They are reflected in the daily unit price and expected to reduce the net return of the Trust.

Estimated performance fees will be calculated by reference to the average of the last five years' experience where available, or for new arrangements, will use a reasonable estimate for the current financial year, adjusted to reflect a 12 month period.

Transaction costs

Transaction costs are the costs incurred when assets in the Trust or in underlying investments are bought or sold and includes costs such as brokerage, stamp duty and settlement costs. Transaction costs may also be incurred when the market process for trading assets causes the price paid or received to be different from the value of the assets immediately

after the transaction, for example, where bid/ask spreads are incurred.

The estimated transaction costs for the financial year to 30 June 2022 were approximately 0.15% of the Trust's net asset value.

- Of this amount, we estimate that 0.05% was recovered through buy-sell spreads with the remaining 0.10% being an estimate of the amount of transaction costs that reduced the return of the Trust for Class A.
- Of this amount, we estimate that 0.03% was recovered through buy-sell spreads with the remaining 0.12% being an estimate of the amount of transaction costs that reduced the return of the Trust for Class B.

These costs are not included in the management fees and costs and are an additional cost to you. No part of the transaction costs are paid to us or any investment managers.

Buy-sell spread

You incur the buy-sell spread when you buy or sell units in the Trust. The buy spread is added to the unit price when you buy units. The sell spread is deducted from the unit price when you sell units. The buy-sell spread is not a fee and no part of the buy-sell spread is paid to us or to any investment managers. The buy-sell spread is retained in the Trust to cover the estimated transaction costs incurred as a result of investor applications and redemptions.

As at the date of this PDS, the buy-sell spreads are:

- Buy spread: 0.10% of each amount you invest into the Trust.
- Sell spread: 0.10% of each amount you withdraw from the Trust.

This means that for every \$5,000 you contribute to the Trust you will incur costs of \$5.00 and for every \$5,000 you withdraw from the Trust you will incur costs of \$5.00.

Buy-sell spreads may change from time to time. Increases (and decreases) may be significant. The latest buy-sell spreads can be found on our website at mlcam.com.au/ **buy-sell-spreads**. Investors may not be notified of changes, and should check current buy-sell spreads before making any investment decision.

Borrowing costs

Borrowing costs (or gearing costs) may be incurred in a number of circumstances, including (but not limited to) where money is borrowed to purchase an asset and where securities are borrowed as part of a Trust's investment strategy. The Trust, its specialist managers, and the funds those managers invest in, will not borrow directly or through an interposed entity to generate returns or make a financial investment. However, the Trust may gear up to 25% of the Trust's net asset value through derivatives and therefore, any borrowing costs incurred will be via these derivatives. Borrowing costs are generally paid to third parties such as banks, providers of a margin lending facility and prime brokers and may include upfront costs to establish the arrangement and ongoing costs like interest payments.

These costs are not included in the management fees and costs but are deducted from the assets of the Trust and reduce the unit price at the time they are incurred. Borrowing costs may rise and fall over time, and will depend on the level of borrowing, the interest amount and other amounts paid to lenders.

The estimated borrowing costs for the previous financial year to 30 June 2022 were approximately 0.01% of the Trust's net asset value.

Reimbursable expenses

We are entitled to be reimbursed from the Trust for all costs and expenses incurred in acting as Responsible Entity or in relation to the administration and management of the Trust. The expenses may include, but are not limited to, PDS preparation and printing costs.

11. Fees and other costs

We currently pay these costs and expenses out of the management fee and do not charge them to you as an additional cost.

Management fee may be negotiated

Wholesale clients (as defined in the *Corporations Act 2001* (Cth)) may be able to negotiate the management fee by contacting Client Services on **1300 738 355**.

Any discount in fees will be rebated periodically. We suggest that you consult your tax adviser in regards to the tax treatment of any fee rebates.

Changes to fees and costs

We may vary fees or introduce new fees up to the maximums described in the Constitution without your consent.

Under the Constitution the maximum fees payable to the Responsible Entity are:

- a management fee which is comprised of:
 - an investment fee of 10% pa of the Trust's class current value (as defined under the Constitution), plus
 - an administration fee of 2% pa of the Trust's class current value (as defined under the Constitution) (currently not charged for Class A), plus
- a contribution fee of 6% of the subscription amount (currently not charged).

We are entitled to recover expenses directly from the Trust. Currently we pay them out of the management fee. If this changes, we will notify you.

If you invest directly in the Trust, we will give you 30 days' notice of any proposed increases in fees. No prior notice will be given in respect of changes to indirect costs, transactional costs, buy/sell spreads or borrowing costs. For updated details go to mlcam.com.au/MLCWholesale/pds

Payments to IDPS operators

These are commercial payments made by the Responsible Entity to IDPS operators. These payments may be rebated to you or may be retained by the IDPS operator where allowed by law.

How and when these payments are made vary between the Responsible Entity and IDPS operators from time to time. They are paid by the Responsible Entity out of the management fee and are not an additional cost to you.

Non-monetary benefits

We keep a register detailing certain non-monetary benefits that we receive (eg benefits valued between \$100 and \$300, genuine education or training and information technology software or support). You can review an extract of the register by contacting Client Services on **1300 738 355**. Please be aware that MLC may charge you for the cost of providing this information to you.

12. How the Trust operates

Applications and withdrawals

If accepted, application requests received by Registry Services before 3:00pm (Sydney time) on any Business Day will receive that day's unit price. Application requests received after 3:00pm will receive the next Business Day's unit price.

Application money received will be held in trust until processed. We will not process your application unless we have received all required information. If we're unable to process your application within 30 days of receipt we will return your money to you. Any interest earned during this time will be kept by us.

We have the discretion to accept or refuse any initial application or additional investment without explanation.

If accepted, withdrawal requests received by Registry Services before 3:00pm (Sydney time) on any Business Day will normally receive that day's unit price. Requests received after 3:00pm will normally receive the next Business Day's unit price. Once lodged, withdrawal requests may not be cancelled except with our consent.

We may deduct from a withdrawal payment any amount owed under the Constitution. We may also redeem some or all of an investor's unitholding in the Trust to satisfy any such amounts or if we form the opinion that the unitholding is prejudicial to the interests of other investors.

We can only process transaction requests when we receive all required information. We will not be responsible for any loss arising from unauthorised or fraudulent requests.

You can request a partial or a full withdrawal to a nominated bank account at any time by sending a completed Withdrawal Form by post or emailing a scanned copy to Registry Services. The Withdrawal Form is available on our website mlcam.com.au or you can request it from us on **1300 738 355**.

If your investment is held through mFund you can only request a withdrawal of your investment through mFund.

Generally, withdrawal requests will be actioned by us promptly to enable us to make payments within 10 Business Days. Actioning of withdrawal requests and payment may be delayed, for example, if assets need to be sold. In certain circumstances, such as when there are adverse market conditions, we may suspend withdrawals. We may also process requests in instalments over a period of time and may also suspend processing of requests we have already accepted. In certain circumstances we may refuse a withdrawal request.

Where withdrawals are delayed, suspended or being paid in instalments, the unit prices used for a withdrawal will be those available on the day the withdrawal takes effect, rather than the day of the withdrawal request.

In the unlikely event that the Trust is no longer liquid (as defined in the *Corporations Act 2001* (Cth)), you may only withdraw your funds in accordance with any withdrawal offer that we make.

The Trust may invest in assets that can't easily be sold, such as alternatives. This means that, from time to time, we may suspend your ability to put money into or take money out of the Trust.

We will notify you in writing of any material changes to the terms on which you may make withdrawals.

Business Days

Business Days are generally days on which banks are open for business in Sydney (except Saturday, Sunday and public or bank holidays).

Income distributions

The income of the Trust will generally be calculated annually effective 30 June each year. We generally aim to pay income distributions within 7 Business Days of the calculation date.

Distributions are generally calculated based on the Trust's net income referable to Class A units and Class B units (as relevant) at the end of the distribution period divided by the number of units on issue in the relevant class of units.

There may be periods in which no distributions are made or the Trust may make additional distributions.

Our current practice is to generally distribute all of the net taxable income of the Trust to investors for each financial year (including any net capital gains and net gains on currency management). As the Trust is an Attribution Managed Investment Trust (AMIT), we have the discretion to accumulate income (instead of distributing all of the income) and if we do so, the accumulated income will be reflected in the unit price. We intend to continue our current practice to distribute all of the income (including any capital gains) for each year. We will notify you if this changes.

To be eligible to receive a distribution you must hold units in the Trust on the distribution calculation date. You can have income distributions:

- reinvested in the Trust, or
- paid into your bank account.

We may, in our absolute discretion, accept or reject any such request. If you do not make a selection we will reinvest the distribution back into the Trust.

If you elect to have any income distributions reinvested, units will be issued at the unit price applicable at the distribution calculation date. Transactional cost allowances do not currently apply to the issue of these units.

12. How the Trust operates

Changes to the Trust

We may make changes to the Trust (and the information in this PDS) at our discretion including, but not limited to terminating the Trust or making material changes to withdrawal rights.

Some changes may be made without prior notice, including but not limited to, closing the Trust to new applications, changes to the investment strategy, asset allocation, specialist managers and service providers. mFund investors may also refer to the website mFund.com.au

Where possible we will give direct investors prior written notice of any materially adverse change. If you invest via an IDPS, you can contact your IDPS to obtain copies of these notices. Changes that are not materially adverse will be made available under 'Fund updates' at mlcam.com.au/MLCWholesale/pds

You should check the website for the latest information or you can obtain a paper copy of any updated information free of charge on request.

How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences. Because this PDS is not a tax guide and tax laws are complex and change from time to time, we strongly recommend that you obtain professional tax advice in relation to your own personal circumstances. This applies whether you are an Australian resident or a non-resident for tax purposes.

The Trust itself should not be liable for tax on its net earnings. Managed investment schemes generally do not pay tax on behalf of resident investors. Rather investors should include their proportion of the Trust's taxable income as income in their tax returns. Investors are assessed for tax on any income and capital gains generated by the Trust. Any net losses are retained by the Trust and potentially used to offset future matching gains.

The unit price of units issued before a distribution will include income accumulated in the Trust. The income that has been accumulating will generally be distributed. You may potentially have taxation liabilities on that income.

Depending on an investor's circumstances, a revenue or capital gain or loss may arise when units in the Trust are sold, switched or redeemed.

The AMIT regime

The Trust is an Attribution Managed Investment Trust (AMIT).

This means:

- The Trust will be deemed to be a 'fixed trust' for taxation purposes.
- The allocation of taxable income to its investors is based on "attribution" on a "fair and reasonable basis", rather than a present entitlement to the "income of the Trust" for each financial year and the Trust is not liable for tax provided all its taxable income is attributed to investors.

- A Trust may make year-on-year adjustments to reflect under-or-over distributions of the Trust's income.
- Investors may increase or decrease the cost base of their units where taxable income attributed is either greater than or less than (respectively) broadly the cash distribution and tax offsets for an income year, to help alleviate the potential for double taxation.

Under the AMIT regime:

- Australian residents will include their share of a Trust's taxable income in their income tax return, and
- non-residents may have withholding tax deducted from distributions they receive from the Trust.

The Trust may accumulate income which is reflected in the unit price. Taxable income is attributed to investors, even if a Trust doesn't distribute its income.

However, we intend to continue our current practice of distributing all of the Trust's taxable income (including any capital gains) to our investors each financial year. We will notify you if this changes.

The details of the taxable income attributed to you will be set out in an AMIT Member Annual Statement (AMMA Statement), which will contain all necessary tax information. The tax payable (if any) depends on your individual tax profile and applicable tax rate.

If you disagree with our attribution of taxable income, you can object to the Commissioner of Taxation. If you decide to take this course, it is important that you obtain professional tax and legal advice. The constitution of the Trust provides for you to give us notice before making an objection, so please do so and we will work with you to try to resolve the issue.

Valuation

The valuation of the Trust's assets is provided by the Trust's custodian, NAB, in accordance with our Asset Valuation Policy (Valuation Policy), the master

12. How the Trust operates

custody agreement between us and NAB, and industry standards. The assets are valued by the Custodian using the latest available market values from independent data providers and administrators. As noted in the Valuation Policy, where a custodian provides the asset valuations, we retain the responsibility to ensure that all asset valuations are determined in accordance with product disclosure statements, trust Constitutions, relevant legislation, standards, guidelines and the directives of the Valuation Policy. We ensure this by review of any changes to the relevant custodian policies from time to time, as required by the service level agreements with the appointed custodian.

The valuation of the Trust's assets by the specialist managers is based on the latest available market values of the underlying assets of the Trust provided to NAB by independent data and valuation service providers.

Unit Pricing

The overall value of your investment in the Trust will change according to the unit price and the number of units held.

The unit price changes every business day, reflecting changes to the Trust's net asset value ('NAV') as a result of the performance (rises and falls in value) 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. For unlisted assets we have policies and guidelines to manage asset valuations including valuation lags.

We usually calculate the unit price as at the end of each Business Day and use robust unit pricing policies to do this. Our unit pricing philosophy is available at mlc.com.au. For more details on our policies relating to unit pricing please contact us.

If there is a unit pricing error that substantially impacts the Trust's performance, an adjustment may be made. This will generally involve reprocessing affected transactions using the corrected

unit price, adjusting your account or both. The value of your investment could be increased or decreased as a result.

You can view the current unit prices at any time at mlcam.com.au/MLCWholesale or if you invest through mFund you can also view the current unit prices at mFund.com.au

Unitholders' liability

The Trust's underlying assets are owned by the Responsible Entity on behalf of investors. The Trust's Constitution limits unitholders' liability to their investment in the Trust.

About mFund

The Trust is available through mFund, a managed fund settlement service operated by the Australian Securities Exchange (ASX). mFund uses the ASX electronic settlement system to automate and track the process of applying for and withdrawing units in managed funds. It allows you to apply for or withdraw units in the Trust via an accredited mFund broker (broker), or your financial adviser who uses a stockbroking service on your behalf.

Your holding of mFund units is linked to your Holder Identification Number (HIN). Your HIN is used for all investments and transactions made through the ASX.

mFund does not provide a market for trading units in the Trust. Units settled through mFund are issued and redeemed by us.

Please note that we will not accept any instructions directly from you if your investment in the Trust is held through mFund.

If you invest in the Trust through mFund, the processes of the ASX and the broker you use will impact the time your application and withdrawal requests are received by Registry Services. Please contact your broker or financial adviser for their cut-off times as they may be different from those outlined in this PDS.

There are also some risks associated with the ASX's systems and brokers. For example, the ASX's systems could fail, there could be errors or irregularities, or your broker could cease offering the settlement service. In addition, the ASX may suspend or revoke the admission of the Trust to mFund.

You should contact your financial adviser or broker for further information.

Investing via an IDPS

The most common way to access the Trust is via an IDPS.

If you invest in the Trust through an IDPS, then you don't hold units in the Trust and you have none of the rights of a unitholder. Instead, the IDPS holds units on your behalf.

Investing through an IDPS may result in different conditions applying from those referred to in this PDS including:

- minimum balance requirements
- fees and other costs
- cooling-off rights
- how to transact on your investment
- timing of processing of transactions and payment of distributions and withdrawals, and
- provision of statements and other information.

You should contact your financial adviser or IDPS operator for further information including how to invest.

You should contact your IDPS about any complaint you have. Your IDPS will work with us to assist you in resolving any complaints relating to your investment in the Trust.

We authorise the use of this PDS as disclosure to persons who wish to access the Trust through an IDPS.

This PDS must be read together with offer documents provided by the IDPS operator.

13. Information for direct investors

Investing directly in the Trust

To invest in the Trust directly you must have received this PDS (electronically or otherwise) within Australia and be a resident in Australia. You also need to maintain a minimum balance of \$20,000. We may accept lower amounts at our discretion.

However, if you received this PDS (electronically or otherwise) within New Zealand, you may invest in the Trust only if you invest upfront a minimum subscription amount of NZ\$750,000 in the Trust (net of any currency exchange losses or costs) and have satisfactorily completed the "Minimum Subscription Certification" set out in the application form which was provided with this PDS. If you are a New Zealand investor, you should read the 'Warning for New Zealand investors' at the start of this PDS, along with the section titled 'Notice to residents of New Zealand'.

Investors who satisfy the above criteria may invest directly in the Trust. You should, however, contact us to discuss the application requirements before making your first investment in the Trust. We will advise what you need to do. Among other things, we may need to request formal identification from you before you can invest. Until all our requirements are satisfied we cannot accept an application.

You must complete and sign the Trust's application forms and send them to Registry Services with your initial application money, or you can apply for units in the Trust through mFund by placing a buy order for units in the Trust through your broker (or your financial adviser who uses a stockbroking service on your behalf). You can make additional investments by electronic funds transfer (EFT). If your investment is held through mFund you must make additional investments through mFund.

Once your application is accepted, you hold units in the Trust and have the rights of a unitholder. This applies whether your investment is made using the Initial

Application Form, the Additional Investment Form or through mFund.

We may redeem your unitholding if your account balance falls below \$20,000.

Cooling-off right

Unless you are a 'wholesale client' (as defined in the *Corporations Act 2001* (Cth)), you have a 'cooling-off right' whereby you can change your mind about your initial investment in the Trust and ask for your money to be repaid.

The cooling-off right must be exercised by writing to the Responsible Entity. Your written request must be received by Registry Services within 14 days from the earlier of:

- when you receive confirmation of your investment, or
- the end of the fifth business day after the day on which your units were issued to you.

Your cooling-off right terminates immediately if you exercise a right or power under the terms of the Trust, such as withdrawing or transferring part of your investment. Cooling-off rights do not apply to any additional contributions you make to your investment (including those made under any distribution reinvestment election).

Any repayment of your investment under the cooling-off right is subject to an adjustment for market movements (both positive and negative), taxes, buy/sell spreads, and fees and other costs referred to in section 11 of the PDS.

Overseas investors

This PDS only constitutes an offer if received in Australia or New Zealand.

As at the date of this PDS, no action has been taken to register or qualify the units or offer or otherwise permit the public offering of the units outside Australia or New Zealand. If you come into possession of this PDS outside Australia or New Zealand you should seek advice on and observe any such restrictions imposed by

law. Any failure to comply with such restrictions may violate securities laws in that jurisdiction.

This PDS does not constitute an offer or invitation in any jurisdiction in which it would be unlawful to make such an offer or invitation. We reserve the right to make an offer of units to any institutional investor outside Australia or New Zealand where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

Email terms and conditions

If emails are used in operating your account, you should understand that there is potentially a greater risk that a person could fraudulently send us an email and, by pretending to be you, withdraw money from your account.

These terms and conditions apply when we (or Registry Services) receive email instructions or communications about your account. These terms are in addition to any other requirements relating to you giving us instructions or completing any particular authority. We can change these terms by giving you 14 days' written notice.

By investing in the Trust, you agree that MLC and Registry Services are not responsible for any losses you may suffer as a result of any fraudulent communications received by email, except to the extent those losses arise directly from their or their agents' negligence, wilful default or fraud. You agree to be liable and indemnify MLC and Registry Services for any losses suffered by any of them as a result of any fraudulent communications received by email to the extent those losses arise from your negligence, wilful default or fraud.

MLC and Registry Services will only act on completed communications from you. MLC and Registry Services will not be liable for any loss which results from not receiving your email, or from a delay in receiving your email.

13. Information for direct investors

Investor Online and Adviser Online

Investor Online, accessible via mlcam.com.au/mlc, gives you access to up to date information on your investments at any time. You automatically get access to Investor Online if you are an investor in the Trust. If you elect to give your financial adviser permission to access information about your investment on the Initial Application Form, your financial adviser will also have access to your investment information via Adviser Online.

Once you have an investment in the Trust, your Investor Online account will be established and Registry Services will send you the details you need to complete the online registration process for your account.

Use of Investor Online and Adviser Online is provided by Registry Services and is subject to specific terms and conditions, as disclosed on these sites.

Privacy

We are committed to protecting your privacy. We collect your personal information to provide you with the services and information related to your investment. If you do not provide the requested personal information we may not be able to provide you with these services. Any personal information we collect about you will be handled in accordance with the Insignia Financial Group Privacy Policy, which outlines how we manage your personal information, how you may access or correct your personal information, and how you may complain about a breach of your privacy. To obtain a copy of the Insignia Financial Group Privacy Policy, please contact Client Services on **1300 738 355** or visit our website at mlc.com.au/privacy

Anti-Money Laundering, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

We are required to comply with the *Anti-Money Laundering and*

Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act), the FATCA and the CRS rules.

Under these laws we are required to collect additional information from you or anyone acting on your behalf, and your related parties, as part of the initial application process and post account set up.

If investing via mFund your broker will conduct anti-money laundering and counter-terrorism financing checks and will also ask some basic questions about your foreign tax residency status, including whether you are a US person and other information required for FATCA and CRS. If you identify yourself as a foreign resident for tax purposes, your account information may be reported to the relevant tax authorities.

Identity verification documents

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act), we are required to collect original certified copies of original document(s) (not scanned copies) which must be valid at the time you send them to Registry Services to verify your identity and that of related parties (including if you are a non-individual entity, identity of any persons who are deemed to own or control (directly or indirectly) you (beneficial owner)).

In addition, under the AML/CTF Act, we may be required to ask you for additional identity verification documents or information about you, a related party or a beneficial owner either when we are processing your application or at some stage after we issue the units.

Until we receive this documentation - or if we have concerns that a transaction requested by you, or anyone authorised to act on your behalf, might breach any obligations we have under legislation or cause us to commit or participate in an offence, under any law - we reserve the right to:

- block, suspend or refuse to process transactions

- freeze accounts or access to funds, or
- close your account without further notice.

These actions may be taken if we have reasonable grounds to suspect that there is a breach of any of our regulatory obligations, including where there may be a risk of damage to our reputation.

We also reserve the right to report details of accounts or transactions to the relevant authorities.

Where transactions are delayed, blocked, frozen or refused in the above circumstances, we're not liable for any loss you suffer, including consequential loss. We will incur no liability to you or a related party if we do so. If investing through mFund your broker will conduct anti-money laundering and counter-terrorism financing checks.

Resolving complaints

If you have a complaint, we can usually resolve it quickly over the phone on **1300 738 355**. If you'd prefer to put your complaint in writing, you can email us at client.services@mlcam.com.au or send a letter to '**30 The Bond, Level 3, 30 Hickson Road, Millers Point NSW 2000**'. We'll conduct a review and provide you with a response in writing. If you're not satisfied with our resolution or we haven't responded to you in 30 days, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides an independent complaint resolution process that's free to consumers. You can contact AFCA in writing to **GPO Box 3, Melbourne, VIC 3001**, at their website afca.org.au, by email at info@afca.org.au or by phone on **1800 931 678 (free call)**. For more information on our complaints management policy visit mlcam.com.au/terms-and-conditions

Switching

Direct investors may be able to switch from the Trust to another trust in the MLC Investment Trusts suite. A switch will be

13. Information for direct investors

treated as a withdrawal from one trust and an investment in another trust. Buy/sell spreads may apply. If you invest via an IDPS, please contact your IDPS for details of how to switch.

Information on the trusts in the MLC Investment Trusts suite can be found at mlcam.com.au/MLCWholesale. You will need to read the relevant PDS before making an investment decision in respect of these trusts.

You should be aware that switching your investment between trusts in the MLC Investment Trusts suite may have tax implications. Please consult your tax adviser for advice as required.

Transfers

If you invest directly in the Trust you may be able to transfer all or some of your unitholding in the Trust to another eligible investor.

Joint investors

Unless otherwise expressly indicated, in the case of joint applications, units will be held as joint tenants and either investor will be able to operate the account and bind the other investor for future transactions, including additional investments and withdrawals.

Termination of the Trust

The Trust may be terminated:

- if MLC believes the Trust can no longer fulfil its purpose
- if the Trust's unitholders pass an extraordinary resolution to terminate the Trust
- by Court order, or
- as otherwise allowed by the Constitution or the law.

Australian tax file number

MLC is authorised under the *Income Tax Assessment Act 1936* (Cth) to ask for your Australian tax file number (TFN) when you open an investment account for income distribution purposes. You don't have to provide your TFN and it's not an offence if you decide not to, but if you don't, 'Pay

As You Go Withholding Tax' will be deducted at the highest marginal tax rate (plus Medicare Levy) from any income distributions payable to you.

Notice to residents of New Zealand

Any offer or sale of any units in the Trust (the 'Units') described in these materials in New Zealand is available only to, and may only be accepted by, a person who invests upfront a minimum subscription amount of NZ\$750,000 per Trust that he or she wants to invest in (net of any currency exchange losses or costs) and has satisfactorily completed the "Minimum Subscription Certification" as part of their application and agrees that:

- a. it has not offered, sold or transferred, and will not offer, sell or transfer, directly or indirectly, any Units and it has not granted, issued or transferred, and will not grant, issue or transfer an interest in or options over, directly or indirectly, any Units other than in accordance with an exclusion under Part 1 of Schedule 1 of the FMC Act (N.Z.); and
- b. it has not distributed and will not distribute, directly or indirectly, this PDS, any offering materials or advertisement in relation to any offer of Units in each case in New Zealand other than to persons who meet the criteria set out in clauses 3(2)(a), 3(2)(b), 3(2)(c), 3(2)(d) or 3(3)(a) of Schedule 1 of the FMC Act (N.Z.).
- c. or in other circumstances where no disclosure under Part 3 of the FMC Act (N.Z.) is required and there is no contravention of the FMC Act (N.Z.) and its regulations (or any statutory modification or re-enactment of, or statutory substitution for, the FMC Act (N.Z.) or its regulations).

This PDS is not, and is under no circumstances to be construed as, an offer of financial products for issue requiring disclosure to an investor under Part 3 of the FMC Act (N.Z.).

This PDS has not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the FMC Act (N.Z.). This PDS is not a disclosure document under New Zealand law and does not contain all the information that a disclosure document is required to contain under New Zealand law.

For a copy of the New Zealand Wholesale Investor form, please contact our client service team on **1300 738 355 (0800 404 988** if calling from New Zealand).

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Keeping you informed

You can obtain information on your account and update your details by contacting us (details on the back cover).

The information below will be provided to you so you can stay informed about your investments.

The Trust is part of a larger suite of trusts collectively known as the MLC Investment Trusts. The PDSs for other trusts in the suite are available at mlcam.com.au/MLCWholesale/pds

If you invest via an IDPS you can obtain information on your investment in the Trust by contacting your IDPS.

If you invest directly in the Trust (including where you have applied to the Trust through mFund), we provide the following information to you:

Information provided to direct investors	
Transaction confirmation	Confirms any investment, switch or withdrawal. This will be available on Investor Online via mlcam.com.au/mlc
Periodic statement	Provides details regarding your account balance, a summary of any transactions on your investment, fees and costs incurred during the period and information about returns on your investment each quarter. This will be available on Investor Online via mlcam.com.au/mlc
Distribution statement	Provides details of the distributions paid. This will be available on Investor Online via mlcam.com.au/mlc
Annual taxation statement	You will be provided with an annual taxation statement, referred to as an AMIT Member Annual Statement (AMMA Statement), to assist you in completing your tax return. The AMMA Statement will show the taxable and non-taxable components of the income attributed to you (which includes any distributions received or reinvested). This will be available on Investor Online via mlcam.com.au/mlc
Annual financial report	You can elect to receive, free of charge, a copy of the MLC Investment Trust's annual report as a hard copy or an electronic copy by contacting us. If you do not make an election you can access a copy of the annual report on our website mlcam.com.au/MLCWholesale
Constitution	Available to you without charge on request by contacting Client Services on 1300 738 355 .
Performance history	
Unit Pricing Policy (including discretions register)	
Derivatives Policy	
Privacy Policy	
Product Disclosure Statement updates	You can obtain a paper copy of the PDS on request by contacting Client Services on 1300 738 355 or by visiting the website mlcam.com.au/MLCWholesale/pds . Alternatively, mFund investors can access the latest PDS by visiting the website mFund.com.au . The PDS can be updated or replaced from time to time. Refer to 'Changes to the Trust' on page 34 for further information.
Monthly updates	Provides details on the following: <ul style="list-style-type: none"> • Trust's net asset value and the redemption price • the key service providers if they have changed since the last report given to investors, including any change in their related party status • the net return on the Trust's assets after fees, costs and taxes • any material change in the Trust's risk profile • any material change in the Trust's strategy, and • any change in the individuals playing a key role in investment decisions for the Trust. This information will be available at mlcam.com.au/MLCWholesale
Annual report	Provides details on the following: <ul style="list-style-type: none"> • the actual strategy allocation to each asset type • the liquidity profile of the Trust's assets as at the end of the period • the maturity profile of the liabilities as at the end of the period • the leverage ratio as at the end of the period • the derivative counterparties engaged (including capital protection providers)

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Information provided to direct investors	
	<ul style="list-style-type: none">• the monthly or annual investment returns over at least a five-year period, and• the key service providers if they have changed since the latest report given to investors, including any change in their related party status. <p>This report will be available at mlcam.com.au/MLCWholesale</p>



Contact details

If you invest via an IDPS you should contact your IDPS for all enquiries.

If you invest directly, the contact details are:

Registry Services

National Australia Bank
C/- OneVue Fund Services Pty Ltd
GPO Box 804
Melbourne VIC 3001 Australia
Email: mlc_transactions@unitregistry.com.au

Client Services

'30 The Bond'
Level 3
30 Hickson Road
Millers Point NSW 2000 Australia
Telephone: 1300 738 355 – if calling from Australia
0800 404 988 – if calling from New Zealand
Email: client.services@mlcam.com.au

Responsible Entity

MLC Investments Limited
'30 The Bond'
Level 3
30 Hickson Road
Millers Point NSW 2000 Australia

Website

mlcam.com.au/MLCWholesale

mFund website

mFund.com.au