



The MLC Difference.



A  **National** Company

Australia's most experienced Multi-Manager.

If you were going to trust someone with your life, you would choose that person very carefully.

But do you take the same care choosing a company to look after your life savings?

There's certainly no lack of competition, with dozens of companies lining up to take care of your hard-earned money.

So it makes sense to find out about the investment approach taken by the one you entrust with your superannuation, retirement savings or the money you're putting away for a specific goal – like a child's education.

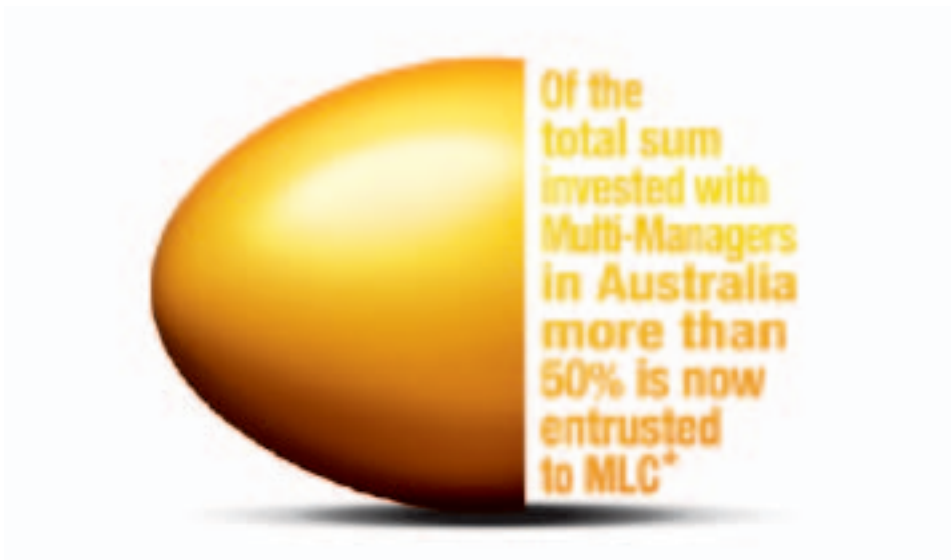
This booklet explains the approach that is the cornerstone of Australia's most experienced Multi-Manager and the 4th largest in the world – MLC*.

Because at MLC, we firmly believe that it's not just investing that counts. It's the way you invest.

** The Global Multi-Manager and Mutual Fund Subadvisory Markets 2003, Cerulli Associates.*

*FACT: Per head of population,
Australia is the world's largest consumer of
Multi-Manager investment
products, and third largest in the world overall.*

Investor Weekly June 23-29, 2003



*Chant West Multi-Manager Survey, September 2003

Managed funds.

Everybody has heard the expression “Don’t put all your eggs in one basket!”

It’s a piece of ancient wisdom that never loses relevance, and it’s at the heart of the idea behind modern day managed funds.

For example, take the MLC Australian Share Fund, which is diversified across more than 200 Australian companies.

When you invest in this fund your money is ‘pooled’ with that of many other investors. This enables you to have a holding in a greater range of stocks than if you were buying shares yourself.

As you can see from the table below the top 10 stocks are well known large companies – making up almost 50% of the fund – with the remainder invested in smaller companies*.

<i>ANZ</i>	7.4%
<i>BHP Billiton</i>	7.2%
<i>National Australia Bank</i>	5.9%
<i>News Corporation</i>	5.1%
<i>Westpac Banking Corp</i>	4.8%
<i>Rio Tinto</i>	3.9%
<i>Telstra Corp</i>	3.2%
<i>Commonwealth Bank</i>	2.9%
<i>Brambles Industries</i>	2.8%
<i>Promina Group</i>	1.8%

In fact, with as little as \$2,000 you could actually be invested in a wide range of quality companies in a number of different industry sectors. On the other hand, the same money invested directly into shares may only get a handful of companies represented in your portfolio.

If you can see how this way of investing might reduce risk and produce a positive result in the long term, then you already have an appreciation for the benefits of diversification.

* As at 31/03/04

Diversify! Diversify! Diversify!

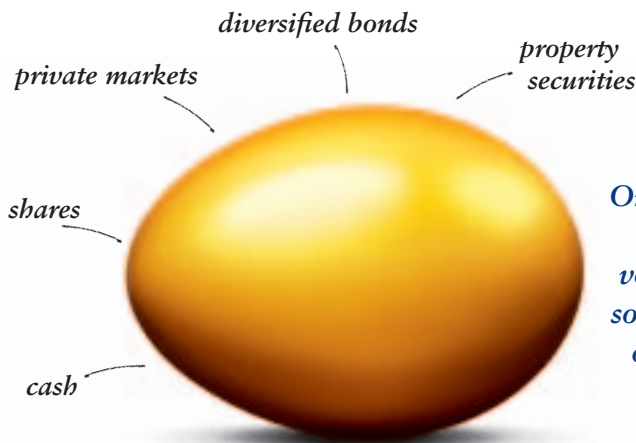
In the search for wealth a lot of people take unnecessary risks, like putting all their eggs in one basket with an investment they hope will pay off big time.

But even a cash investment can be considered volatile when you realise that cash rates were at over 10%p.a. in 1994 and under 5%p.a. in 2003.

A good long-term strategy is to spread your money across a range of investments. This is called diversification, and it's one of the soundest ways to reduce volatility and take some of the risk out of investing.

On the previous page, the MLC Australian Share Fund was given as an example of a managed fund that is invested primarily in Australian shares. However, shares represent only one of the major asset classes. The others are property securities, diversified bonds, private markets and cash. And, like shares, you can invest in managed funds for these asset classes as well.

So you can easily have a portfolio that is diversified in two ways. Firstly, across a combination of different asset classes and, secondly, across a wide array of investments within each asset class.



Diversification.
One of the soundest ways to reduce volatility and take some of the risk out of investing over the long term.

MLC. The Multi-Manager.

If you look at the managed fund section of the financial press, you'll see there are hundreds of funds available from a huge array of companies.

Which begs the question, "What makes MLC so special?" Well, instead of just offering another range of funds, MLC has a different way of investing your money that's made it renowned in the industry as "The Multi-Manager."

The way it works is that, out of the thousands of fund management companies in Australia and around the world, MLC has hand picked a group of specialist investment management companies – each one renowned in a particular area of investing.

It's with this group that your money can be invested through MLC. So every component of your portfolio, whether it's global shares, Australian shares, property securities, diversified bonds, private markets or cash, is overseen by some of the world's most highly regarded investment management specialists.

Few organisations have the capability of diversifying your money with this sort of expertise. But MLC does. In fact, MLC pioneered this Multi-Manager approach in Australia almost 20 years ago.

Wouldn't you like to have some of the best financial intelligence in the world managing your money?

Imagine for a moment that you are a cricket selector. However, instead of just being able to pick a team from Australia, you can choose the best players from any country in the world. That's similar to the way the Multi-Manager process works.



Our managers.

ABN AMRO Asset Management **Global Shares**



Amsterdam, The Netherlands. ABN AMRO is one of the world's leading asset managers, managing approximately A\$277 billion in assets globally. ABN AMRO use a growth oriented, long-term investment approach favouring companies that are dominant in their industries and that represent quality in their peer groups.

Bernstein **Global Shares**



New York, USA. Bernstein Investment Research & Management ('Bernstein'), is a unit of Alliance Capital Management L.P., a global investment research and management firm with A\$644 billion in funds under management worldwide. Bernstein uses a value process, which combines fundamental and quantitative investment research to identify those undervalued companies that offer the best opportunities.

BlackRock **Global Debt Assets**



Headquartered in New York City, BlackRock currently manages in excess of A\$426 billion. BlackRock's investment philosophy is based on the belief that experienced investment professionals, adopting a disciplined investment process and utilising sophisticated risk and analytical systems are capable of adding value to client investment portfolios.

Bridgewater Associates **Global Real Return Strategy, Currency**



Westport, Connecticut, USA. Bridgewater Associates Inc. was formed by Ray Dalio in 1975 as a specialist in interest rate and currency risk management for corporations. Bridgewater Associates manage approximately A\$63 billion in assets.

Capital International **Global Shares, Emerging Markets**



Los Angeles, USA. Capital International, Inc. is a wholly owned subsidiary of Capital Group International, Inc., whose institutional investment management affiliates manages A\$359 billion in assets for institutional clients around the world. With an extensive global research network at its disposal, Capital International conducts in-depth company research to identify the most attractive share investments around the world. Capital International manages money using a multiple portfolio manager approach.

CONCORD CAPITAL

Concord Capital **Australian Shares**

Sydney, Australia. Concord Capital specialises in the management of highly concentrated portfolios of Australian shares. Concord uses detailed company analysis to ensure only the highest conviction ideas are selected for the MLC portfolios. Concord Capital, established in July 2000, manages approximately A\$4 billion in assets.



Contango Asset Management **Australian Shares**

Melbourne, Australia. Contango's investment process is based on the business cycle approach, which involves the analysis of structural and cyclical trends in the economy to identify their impact on the pricing of both industry sectors and companies. This analysis is complemented by in-depth fundamental company analysis. Contango manages approximately A\$2 billion in assets.



Credit Suisse Asset Management **Australian Shares**

Sydney, Australia. Credit Suisse adopts a fundamental approach to the research of Australian companies, focusing on quality as well as earnings growth when assessing companies. The Australian share portfolios Credit Suisse manages for MLC are highly concentrated, and typically have a bias towards large capitalisation growth stocks. Credit Suisse Asset Management is part of the Credit Suisse Group, which manages A\$460 billion in assets globally.



DFA Australia **Australian Shares**

Sydney, Australia. DFA Australia Limited (Dimensional) is a subsidiary of Dimensional Fund Advisers Inc., a private corporation headquartered in California USA with A\$61 billion funds under management. Dimensional's most differentiating characteristics are its philosophical "deep value and small cap based" beliefs and the academic rigour that underlies its disciplined investment processes.



Fidelity Investments **Global Shares**

Fidelity Investments was established in Boston, USA in 1946. Fidelity is an affiliation of two separate companies, FMR Corp. in the United States and Fidelity International Limited, in Bermuda. Fidelity has grown to become the world's largest independent fund management organisation with A\$1.47 trillion in assets. Fidelity is a global share manager who believe the key to identifying future share price performance is rigorous, in-depth analysis of the factors that are unique to each company.



HSBC Asset Management **Property Securities**

Melbourne, Australia. HSBC's property securities team is well-credentialed and applies a clearly enunciated business cycle approach incorporating top-down analysis with bottom-up insights. This reflects their philosophical belief that exploitable mispricing opportunities arise in the listed property market at the macroeconomic, industry and individual trust levels. HSBC have A\$2 billion invested in the Australian property securities market.



JF Capital Partners [Australian Shares](#)

Melbourne, Australia. JF Capital Partners (JFCP) adopts a bottom up approach to the research and selection of Australian companies. JFCP focuses on those companies that have the greatest number of strategic growth options. The Australian share portfolios JFCP manages for MLC are highly concentrated and typically have a growth bias. JFCP manages over A\$1 billion in assets.



Lazard Asset Management [Global Shares, Australian Shares](#)

New York, USA. Lazard Asset Management Pacific Co ('Lazard Pacific') is a subsidiary of Lazard Asset Management LLC ("LAM") the asset management subsidiary of Lazard Freres & Co, which manages more than A\$87 billion in assets worldwide. LAM's relative value investment philosophy is based on value creation through the process of bottom-up stock selection. This philosophy is implemented by assessing the trade-off between valuation and financial productivity for an individual security.



Lend Lease Real Estate Securities [Property Securities](#)

Sydney, Australia. The Lend Lease Real Estate Securities team specialises in the listed property securities market. Team members are focused exclusively on the research of property trusts, themes within the property sector and ultimately, portfolio construction. Lend Lease Real Estate Securities manages approximately A\$3 billion in Australian property securities and is part of the Lend Lease Group, which has comprehensive global capabilities in all aspects of property.



Maple-Brown Abbott [Australian Shares](#)

Sydney, Australia. Maple-Brown Abbott uses a value-oriented approach to identify quality undervalued Australian companies. Maple-Brown Abbott manages A\$18 billion in assets.



National Specialist Investment Management [Australian Debt Assets, Cash & Short-Term Securities](#)

Sydney, Australia. National Specialist Investment Management manages a number of asset classes for MLC, including Australian nominal bonds, Australian inflation linked bonds and cash. National Specialist Investment Management manages in excess of A\$10 billion in assets.



PIMCO [Global Debt Assets](#)

Newport Beach, USA. PIMCO is a core manager of bond portfolios. PIMCO uses a range of top down and bottom up strategies to add incremental value across the extended global bond market. PIMCO manages in excess of A\$525 billion in assets worldwide.



Platinum Asset Management **Global Shares**

Sydney, Australia. Platinum Asset Management is a global share manager. Platinum applies its stock selection methodology to identify and invest in a range of companies whose business and growth prospects, for transient reasons, are being inappropriately valued by the market. Platinum manages approximately A\$10 billion* in assets.

State Street Associates **Currency Management**



London, UK. State Street Bank & Trust Company offers currency management services to investment managers worldwide through State Street Associates. State Street Associates is one of the pre-eminent research and advisory groups in the area of global asset allocation and currency management. State Street manages a passive currency overlay program on behalf of MLC and manages approximately A\$7 billion* in assets. (Note: State Street hedged 100% of WR Huff currency exposure)

UBS Global Asset Management **Australian Debt Assets**



Sydney, Australia. The focus of UBS' investment process is to identify the extent to which bond markets are mis-priced relative to UBS' assessment of long term equilibrium value. MLC uses UBS for its skill in the Australian bond market. UBS serves clients in over 20 countries around the world, and manages A\$638 billion in assets.

Vanguard Investments **Global Shares, Australian Shares, Property Securities**



Melbourne, Australia. Vanguard Investments Australia is a member of The Vanguard Group with over 17 million investors and A\$956 billion in assets under management. Vanguard manages a number of index based mandates for MLC, covering Australian and global shares and listed property securities.

W.R. Huff Asset Management **Global Debt Assets**



New Jersey, USA. WR Huff is an independent US investment management firm specialising in high yield bonds. WR Huff focuses on specific market sectors where it believes identifying inefficiencies will lead to superior returns. WR Huff bases decisions on extensive company research with the objective of achieving an optimum balance between high returns and risk. WR Huff manages in excess of A\$9 billion in high yield securities.

Investment managers are regularly reviewed and may be appointed or removed at anytime. The line-up of managers shown here is current as at 30 June 2004. *Funds under management are current as at 31 March 2004, except for State Street Associates, which is current to the 31 March 2003 and Platinum Asset Management which is current to the 31 December 2003.

Selecting specialist managers.

Because different investment styles perform differently at different points in time, no single investment manager achieves the top performance of all managers year after year.

That's why selecting and combining investment managers with complementary investment styles is a key element of MLC's Multi-Manager process and one that really sets MLC apart.

Obviously, the only way all this can be achieved is to continually research, scrutinise and monitor a range of managers from around the globe.

In 1985, MLC became the first Australian based company to use the Multi-Manager investment system, so its investment team is not only regarded as a market leader in the field of manager research and evaluation, no other Multi-Manager in this country has as much experience.

However, this research is not limited to Australian managers, or foreign managers who have offices here. (After all, Australia comprises less than 2% of the world's investment opportunities). In fact, MLC's scale enables it to secure contracts with global investment managers that would not otherwise consider servicing an Australian client.

FACT: In calendar year 2003, MLC conducted 330 meetings with investment managers, 154 with incumbent investment managers and the remainder with potential investment managers of interest.



MLC MasterKey Horizon Series.

The MLC Multi-Manager investment system at work.

There's no such thing as 'one size fits all' when it comes to financial planning and investing.

The MasterKey Horizon Series has been engineered by MLC to provide investment solutions for a range of very different people.

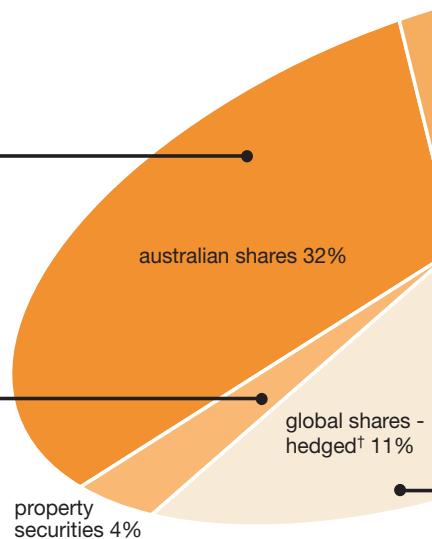
Each of the seven Horizon portfolios takes into account suggested time horizons, return expectations and tolerance for market volatility.

The MasterKey Horizon Series is the most efficient way to access

MLC MasterKey Horizon 4 – the balanced portfolio

strategic asset allocation as at 30 April 2004.

Global Bonds	14.75%
BlackRock	3.66%
Bridgewater Associates	4.34%
PIMCO	5.36%
WR Huff Asset Management	1.39%
Australian Shares	32.0%
Concord Capital	5.44%
Contango Asset Management	5.12%
Credit Suisse Asset Management	4.48%
DFA Australia (Dimensional)	1.92%
JF Capital Partners	4.48%
Lazard Asset Management	4.48%
Maple-Brown Abbott	6.08%
Property Securities	4.00%
Lend Lease Real Estate Securities	2.80%
Vanguard Investments Australia	0.60%
HSBC Asset Management	0.60%



* MLC uses a manager of managers approach to manage this asset class. The number of managers and/or investments in this asset class will be relatively large and dynamic over time, as the private market portfolio evolves and matures.

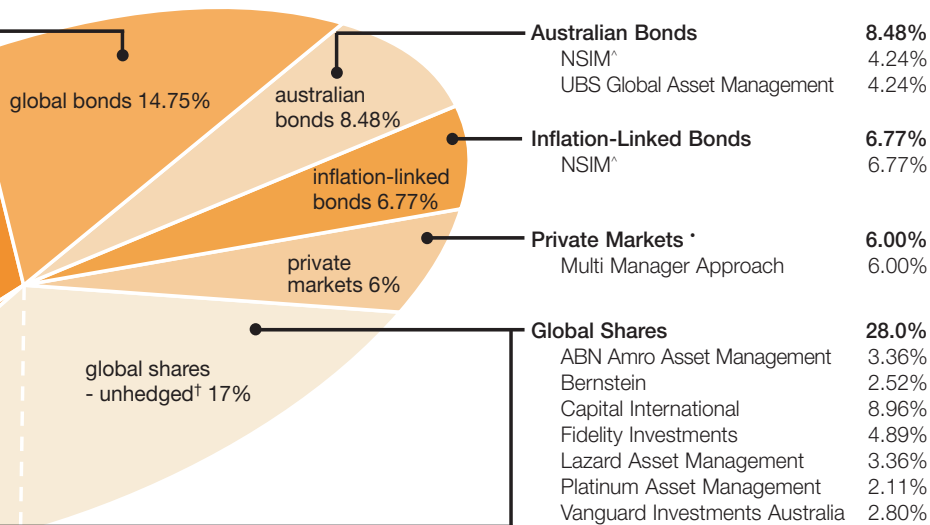
[^] National Specialist Investment Management (NSIM) was previously known as National Asset Management (NAM).

MLC’s investment system, giving you broad diversification across asset classes, within asset classes and across investment management styles.

You can see this in MLC MasterKey Horizon 4 – the balanced portfolio, illustrated below.

One of the best things about the MasterKey Horizon Series is its flexibility. So if your goals or circumstances change at any stage in your life, it’s easy to switch within the MasterKey Horizon series or to any other MLC MasterKey investment.

Your financial adviser can help you work through these options and identify which Horizon portfolio will fit your circumstances and help you reach your financial and lifestyle goals.



† The global share exposure has been split into two components. One component is passively hedged back to the Australian dollar via a passive currency overlay managed by Bridgewater. The other component is unhedged, with the exception of those assets managed by Platinum Asset Management, which are actively managed with the objective of reducing risk arising from adverse movements of foreign currencies and to take advantage of what they perceive will be better performing currencies to enhance returns.

Talk to your financial adviser.

“What type of investor am I?”

On the surface, it doesn't sound like a particularly difficult question. But when you consider how different we all are you begin to understand that working out your “investor profile” is actually quite a complex issue.

For example, things like risk tolerance, investment goals, time horizons and amount of money to invest all have a profound effect on your profile and make it clear that developing an investment strategy to match that profile requires help from a qualified professional, your financial adviser.

Together, you can formulate a strategy that takes into account:

- Financial and lifestyle goals.
- The length of time you are seeking to invest. (Remember, you are likely to invest not just until retirement, but also beyond).
- Your ability to save and the pattern of your savings.
- Your risk tolerance. (This includes how comfortable you are with regular fluctuations in your investments' value – both positive and negative – as well as the amount of risk you need to take to meet your long-term goals.)

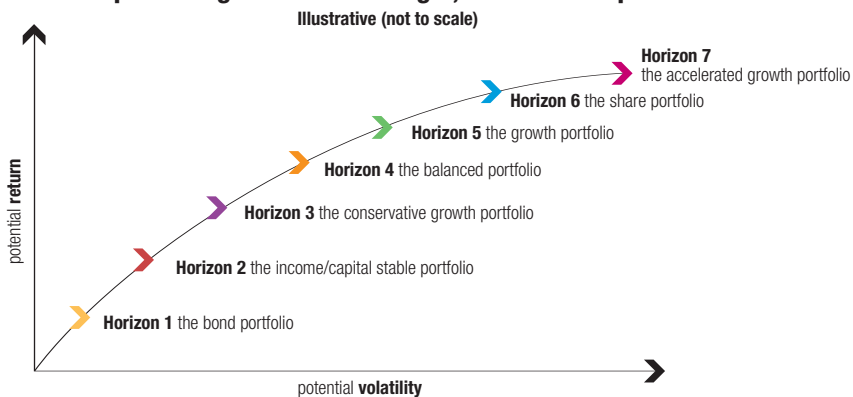
However, everyone experiences change throughout life. Events such as marriage, buying a home, having children, retiring, receiving an inheritance or a having a prolonged illness – to name a few – can quickly alter your situation.

Some events might require more wealth to meet your ideal goals or another event, like retiring, may alter the amount of variation you find acceptable in investment returns.

This is another area where your financial adviser can be invaluable. And meeting for regular reviews can determine whether your investment strategy remains on track or needs adjusting.

So before you make a move, talk to your financial adviser.

A complete range of Multi-Manager, Multi-Sector portfolios.



* Horizon 1 (Bond Portfolio) is not currently available within the MasterKey Unit Trust. However, it is available in MLC Masterkey Superannuation and MLC Masterkey Allocated Pensions.

How to find a financial adviser.

A good way to find a financial adviser is through the Financial Planning Association of Australia (FPA).

The FPA recommends that you take as much time as you need to find a suitably qualified financial planner with whom you can work comfortably.

Go to the FPA website at www.fpa.asn.au and click “Find a Planner”. You can find one by company name or location and all planners listed on the website are members of the financial planning association.

You’ll also find a list of suggested questions on the website that you could ask when interviewing financial planners.

And at your first consultation, your adviser must provide you with a copy of their Financial Services Guide. This outlines the rules and other important information of which you should be aware.

Another way to find a financial adviser is through MLC. Simply call MLC on **1800 024 040** or visit the MLC website mlc.com.au

IMPORTANT INFORMATION

This booklet, issued May 2004, has been published by MLC Limited ABN 90 000 000 402, 105–153 Miller Street, North Sydney, NSW 2060. It is current as at May 2004. It is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should before acting on any information in this booklet, consider the appropriateness of this information having regard to their personal objectives, financial situation and needs. We recommend investors obtain financial advice specific to their situation before making any financial investment (or insurance) decision. MLC Limited is a member of the National group of companies. You should obtain a Product Disclosure Statement relating to any financial products that may be mentioned in this booklet, and the relevant disclosure document should be considered before making any decision about whether to acquire the product.

Information about the offer of units in the funds comprising MLC MasterKey Unit Trust or MLC MasterKey Cash Management Trust are contained in the MLC MasterKey Unit Trust and MLC MasterKey Cash Management Trust Product Disclosure Statements. Persons wishing to acquire units in those funds must complete the application form from the current Product Disclosure Statement. Applications for MLC Limited's products can only be made on an application form attached to a current Product Disclosure Statement.

An investment in any MLC product does not represent a deposit with or a liability of National Australia Bank Limited ABN 12 004 044 937, or other member company of the National group of companies and is subject to investment risk including possible delays in repayment and loss of income and capital invested. None of National Australia Bank Limited, MLC Limited or other member company in the National group of companies or appointed investment managers, guarantee the repayment of capital, payment of income or the performance of any MLC product, except to the extent specified in the relevant Product Disclosure Statement. All applications for insurance cover are subject to acceptance by MLC Limited.



A  **National** Company

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