



Separately Managed Account Product Disclosure Statement

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Australia Limited (NAL)

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**This information is general and doesn't take
into account your personal financial
situation or individual needs.
*A financial adviser can help you decide
if this is the right product for you.***

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The purpose of this Product Disclosure Statement (PDS) is to give you the information you need when investing in the Separately Managed Account (SMA) which is a Registered Managed Investment Scheme. ARSN 138 086 889.

In this PDS, Navigator is referred to as 'us', 'we', 'our', 'responsible entity'.

Changes to the SMA will be made from time to time. We'll notify you of changes that are materially adverse. Changes that aren't materially adverse will be made available on mlc.com.au or you can obtain a paper copy of the changes on request free of charge.

NAL is a subsidiary of National Australia Bank Limited (NAB) ABN 12004 044 937 and is part of the wealth management division of NAB. An investment with NAL is not a deposit or liability of, and is not guaranteed by, NAB.

None of the NAB companies nor any other party, guarantees the capital value, payment of income or performance of the investment options.

For more information please contact us, speak with your financial adviser or go to the online copy of this document on mlc.com.au/pds/sma

References to mlc.com.au in the online copy of this document link directly to the additional information available.

About the SMA

The SMA allows you to access an extensive range of professionally constructed Model Portfolios made up of securities listed on the Australian securities exchange and cash.

So whatever your needs, you can choose the Model Portfolio you want.

Benefits of the SMA

Individual accounts

You (or the trustee in the case of a superannuation investment) retain beneficial ownership of the assets held in your account. Although you are investing in the SMA's Model Portfolios through a Platform, your holdings are still accounted for individually.

Transparency

You can view the securities that you hold within your chosen Model Portfolio through your platform reports and facilities.

Portability

You can transfer your Australian securities into the SMA and still retain the beneficial ownership. You can also transfer your securities between Model Portfolios within the SMA.

No inherited capital gains

When you purchase or transfer securities into the SMA an individual cost base is established. This means there are no tax consequences for you as a result of other investors' transactions.

Professional investment management

You have access to investment professionals who ensure that each Model Portfolio is continually monitored and managed.

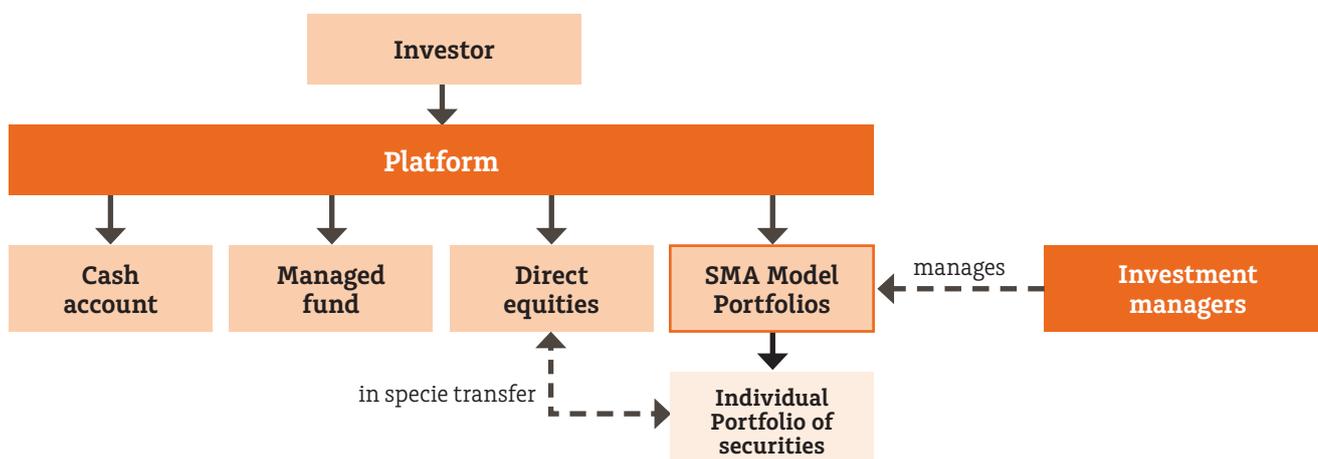
NAL, as responsible entity for the SMA, has appointed a number of investment managers to provide the Model Portfolios that you can select when investing in the SMA. Information about these investment managers is detailed on the following pages.

Consolidated reporting

Because the SMA is fully integrated with your chosen platform, you have a comprehensive view of your Model Portfolio. This means you can

- view the breakdown of securities in your Model Portfolio
- keep track of your investments, and
- transact between the SMA and other investments easily.

The diagram below shows how the SMA works.



Summary of the Model Portfolios

Model Portfolio name	Investment manager	Indicative number of securities held	Style	Automatic payment of investment income	Benchmark index	Model management fee (% pa)
Index						
Blue Chip Top 20	Antares	20	Index	Yes	S&P/ASX 20 Accumulation Index	0.21
Value						
Antares Dividend Builder	Antares	15–25	Income	Yes	S&P/ASX 200 Industrials Accumulation Index	0.46
Antares Listed Property	Antares	10–30	Income	Yes	S&P/ASX 200 A-REIT Accumulation Index	0.67
JBWere Income	JBWere	20	Income	Yes	S&P/ASX 200 Accumulation Index	0.55
JBWere Listed Fixed Income	JBWere	8–20	Income	Yes	Benchmark unaware	0.55
JBWere Industrials	JBWere	15–20	Income	Yes	S&P/ASX 300 Industrials Accumulation Index	0.40
Perennial Value Shares for Income	Perennial Value	25–30	Value/Income	Yes	S&P/ASX 300 Accumulation Index (gross dividend yield)	0.77
Core/Growth						
Antares Core Opportunities	Antares	15–25	Core	Yes	S&P/ASX 200 Accumulation Index	0.62
Ausbil Australian Concentrated Equities	Ausbil	20–30	Core	No	S&P/ASX 300 Accumulation Index	0.92
JBWere Growth	JBWere	20	Growth	No	S&P/ASX 200 Accumulation Index	0.55
JBWere Leaders	JBWere	15–20	Core	Yes	S&P/ASX 50 Accumulation Index	0.40
JBWere Small Companies	JBWere	15–20	Growth	Yes	S&P/ASX Small Ordinaries Accumulation Index	0.45

Summary of the Model Portfolios

Model Portfolio name	Investment manager	Indicative number of securities held	Style	Automatic payment of investment income	Benchmark index	Model management fee (% pa)
Core/Growth continued						
Redpoint Industrials	Redpoint Investment Management	30–40	Core	Yes	S&P/ASX 100 Industrials Accumulation Index	0.40
Perennial Growth Shares	Perennial Growth	25–30	Growth	No	S&P/ASX 300 Accumulation Index	0.77
UBS High Alpha Long Term Opportunity (HALO)	UBS	20–30	Core	No	S&P/ASX 200 Accumulation Index	0.57

Investment Manager Profiles



Antares Capital Partners Ltd

Antares is a dedicated asset management business managing more than \$31.7 billion in equities and fixed income (as at 31 December 2014). Antares combines NAB's equities and fixed income investment teams.

Antares are wholly focused on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. Antares recognises and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return.

With the added strength of NAB, and as part of the MLC Group of companies, Antares values performance and building long-term shared success our clients.



Ausbil Investment Management Limited

Ausbil Investment Management Limited is an Australian equities specialist with approximately A\$10.2 billion in funds under management as at 31 December 2014. Established in April 1997, Ausbil's core business is the management of Australian equities and emerging leader investment portfolios for major superannuation funds, institutional investors and master trust clients.

During the past seventeen years, Ausbil Investment Management Limited has been one of Australia's highest performing equity specialist boutique managers and has demonstrated impressive consistency in delivering superior returns through its core investment process.

Ausbil is a strategic partnership between senior members of the investment/management team of Ausbil and New York Life Investment Management. Ausbil offers clients the focus and specialisation of an employee-owned boutique. New York Life Investments ('NYLIM') is a wholly-owned subsidiary of New York Life Insurance Company.



JBWere

JBWere was established in 1840 and is a highly regarded Private Wealth brand across the Australian wealth management industry.

The management of intergenerational, family and institutional wealth has been the cornerstone of the JBWere business since inception.

JBWere, combined with its major shareholder, the National Australia Bank and the minority shareholder, Goldman Sachs Australia, provides clients with an extensive array of investment expertise.

The organisation is focused on delivering leading investment research insights, solutions and portfolio management services to an extensive range of retail and sophisticated investors. JBWere, through its financial networks, provides specialised research capabilities across a diversified suite of asset classes including Australian equities, global equities, Australian and international fixed interest and property. The JBWere Investment Strategy Group (ISG) is focused on identifying companies with high quality earnings growth that can be purchased at a reasonable price and those companies that have identifiable and sustainable business models. The ISG team adheres to a well-defined portfolio construction methodology with extensive risk management tools.

Investment Manager Profiles



Perennial Growth Management Pty Limited

Perennial Growth Management Pty Limited was established in 1999 through a joint venture between Perennial Investment Partners Limited and Perennial Growth investment staff. Perennial Growth is an active Australian equities manager employing a bottom up growth-style investment process.

Perennial Growth believes growing companies generate the most value for their shareholders. Growing companies attract staff with a high standard of management skills interested in building growing businesses. These companies have the ability to offer investors profitable capital growth.



Perennial Value Management Limited

Perennial Value Management Limited was established in 2000 through a joint venture between John Murray and Perennial Investment Partners Limited. Perennial Value is an active Australian equities manager employing a bottom up value-style investment process.

Perennial Value seeks to buy shares in good businesses that are undervalued by the market, with a belief that good businesses are eventually recognised by markets and are positively revalued.



Redpoint

Redpoint is a boutique fund manager based in Sydney. They specialise in listed asset classes including Australian equities, international equities, global infrastructure and global property.

As an employee-owned boutique Redpoint's interests are closely aligned with their clients and they operate independently under their own business leadership. Redpoint's partnership with NAB Asset Management provides them with strength and support so they can remain focused on what they do best – delivering enduring investment outcomes for their clients.

Redpoint has brought together a significant group of seasoned investment specialists with complementary skills. The team was formed under a shared vision of how they could use their combined experiences to deliver risk efficient and cost effective investment solutions to their clients.

Importantly, the team was formed through professional and personal relationships rather than simply being lifted from a single organisation. The resulting diversity of backgrounds is one of the core strengths of their team, ensuring a breadth of knowledge that is rarely found.



UBS Global Asset Management Limited

UBS Global Asset Management is a large-scale asset manager with well-diversified businesses across regions, capabilities and distribution channels. It offers investment capabilities and investment styles across all major traditional and alternative asset classes. These include equity, fixed income, currency, hedge fund, real estate, infrastructure and private equity investment capabilities that can also be combined into multi-asset strategies. The Fund Services unit provides professional services including legal fund set-up, accounting and reporting for traditional investment funds and alternative funds.

Invested assets totalled AUD 776 billion as of 30 September 2014.

With around 3,800 employees, located in 24 countries, UBS is a truly global firm. UBS's principal offices are in Chicago, Frankfurt, Hartford, Hong Kong, London, New York, Paris, Singapore, Sydney, Tokyo and Zurich.

Things to consider before you invest

Each Model Portfolio is invested in securities listed, or about to be listed, on the Australian Securities Exchange. Having a small number of securities in a Model Portfolio, enables the investment manager to focus and keep up to date on the chosen companies. However there can be greater volatility in returns because the performance of a few securities can impact the performance of the Model Portfolio as a whole.

Investment risk

Even the simplest of investments comes with a level of risk.

While the idea of investment risk can be confronting, it's a normal part of investing. Without it you may not get the returns you need to reach your financial goals.

This is known as the risk/return trade-off.

The value of an investment with a higher level of risk will tend to rise and fall more often and by greater amounts.

In other words, it is likely to be more volatile than those with less risk.

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

- market sentiment
- growth and contraction in Australian and overseas economies
- legislative changes
- changes in interest rates
- changes in inflation
- defaults on loans
- company specific issues, including the size of the company, its market and industry
- changes in the value of the Australian dollar, and
- changes to laws affecting your investment.

By understanding volatility will occur, you'll be able to manage your expectations and resist reacting to these short-term movements.

This will help you stay true to your investment strategy, and keep on track to achieve your long-term goals.

Diversify to reduce volatility and other risks

Diversification—investing in a range of investments—is a sound way to reduce short-term volatility and help smooth a Model 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.

You can diversify across asset classes, industries 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 returns.

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

Other risks

Active management risk

Active investment managers aim to outperform by seeking out attractive securities opposed to investing in a predetermined basket of securities (such as an index). A Model Portfolio may underperform relative to its stated Benchmark due to an investment manager exercising poor security selection skills leading to a Model Portfolio not achieving its stated performance objectives or not producing returns that compare favourably against its peers.

Scheme risk

Risks particular to the structure of the SMA include potential termination of the SMA, a change in fees and expenses, or a change in investment managers.

Concentration risk

The lower the number of securities held within a Model Portfolio, the more likely it is there will be a greater volatility in returns as the performance of a few individual securities has a greater impact on the performance of the overall Model Portfolio.

Liquidity risk

Where an underlying security within a Model Portfolio is not readily tradeable (for example a security suspended from trading on the market), the ability to liquidate those securities in a timely manner and at a reasonable price may be impacted therefore affecting the ability to rebalance a Model Portfolio or resulting in delays in processing withdrawal requests.

Small companies risk

In general, smaller companies tend to operate in more limited markets, have fewer financial resources and depend heavily on key personnel when compared to larger companies. Securities in small companies listed on the Australian Securities Exchange ('ASX') also tend to trade less frequently and in smaller volumes and they may fluctuate more sharply in price than larger companies.

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, it's different each time.

In the description of each Model Portfolio, the investment managers include

Growth and defensive assets

Asset classes are generally grouped as either defensive or growth because of their different characteristics.

Both defensive and growth assets are included in a diversified Model Portfolio because they generally perform differently. For example, fixed income may be in a Model Portfolio to provide returns when share markets are weak. In some market conditions, both defensive and growth assets may deliver low or negative returns.

The main differences between defensive and growth assets are:

	Defensive	Growth
Assets classes include	Cash and fixed income securities	Shares and property securities
How they are generally used	To generate an income and stabilise returns	To provide long-term capital growth
Risk and return characteristics	Expected to produce lower returns than growth assets and be less volatile over the long term	Expected to produce higher returns than defensive assets and be more volatile over the long term

timeframes in which they seek to meet their investment objectives. Investing over these timeframes or longer may improve your chances of achieving the return you expect, however, returns can't be guaranteed.

You need to be prepared for all sorts of return outcomes when investing.

Here are the main asset class risks and benefits for the SMA.

Cash

Cash is generally a low risk investment.

Things to consider:

- Cash is often included in a Model Portfolio to meet liquidity needs and for its defensive characteristics.

- 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 market value tends not to change. However, when you invest in cash, you're effectively lending money to businesses or governments that could default on the loans. A default could result in a loss on your investment.
- Many cash funds invest in fixed income securities that have a very short term until maturity.

Things to consider before you invest

Property securities

Investing in property securities will give your Model Portfolio exposure to listed property securities in Australia and around the world. These are referred to as Real Estate Investment Trusts ('REITs').

Things to consider:

- Property securities may be volatile and are usually included in a Model Portfolio for their income and growth characteristics.
- Australian property securities are dominated by only a few REITs and provide limited diversification.
- Returns are driven by many factors including the economic environment in various countries.
- Investing outside Australia means you're exposed to exchange rate variations.

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 Model Portfolio for their growth characteristics.
- The Australian share market has recently been dominated by a few industries such as Financials and Resources.
- Australian shares may provide dividend income and tax advantages through imputation (franking) credits.

Fixed income

Investing in fixed income securities gives your Model Portfolio exposure to medium to long term debt assets including government and corporate bonds.

Things to consider:

- Fixed income securities are usually included in a Model Portfolio for their defensive characteristics.
- Returns typically comprise interest and changes in the market value of the security.
- There are different types of fixed income securities and these will have different returns and volatility.
- The market value of a fixed income security may fall due to factors such as an increase in interest rates or concern about defaults on loans. This may result in a loss on your investment.
- Fixed income securities denominated in foreign currencies will be exposed to exchange rate variations.

Investment approaches

Investment managers have different approaches to selecting investments. There are two broad approaches: passive and active management.

Passive management

Passive, or index managers, choose investments to form a Model 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.

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

The degree of active management can vary. More active managers may deliver returns quite different to the Benchmark.

Active managers have different investment styles and these affect their returns. Some common investment styles are:

- Bottom-up – focuses on forecasting returns for individual companies, rather than the economy as a whole.
- 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).
- Core – aims to produce competitive returns in all periods.

Investment techniques

Investment managers use different investment techniques that can change the value of an investment. They include:

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 security's price. However, they can lose large amounts if the price of the underlying security moves against them.

As at the date of this PDS, the investment managers don't invest in derivatives.

Buying long

Buying long, or taking a long position, is when an investment manager invests in securities that it expects will grow in value.

Sometimes the value decreases and/or does not increase for a long time.

Ethical investing

Investment managers may take into account labour standards, environmental, social or ethical considerations when making decisions to buy or sell investments. We expect our active investment managers to consider any material effect these factors may have on the returns from their investments, however we don't require them to.

Model Portfolios

Blue Chip Top 20 Model Portfolio	
Investment manager	Antares
Investment objectives	To deliver similar returns to the S&P/ASX 20 Accumulation Index before fees and expenses.
Investment strategy	The Model Portfolio passively invests in securities included, or that are expected to be included, in the Index. The Model Portfolio aims to maintain the security's Index weighting as accurately as possible at all times.
Benchmark	S&P/ASX 20 Accumulation Index
Indicative number of different securities	20
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.21

Antares Dividend Builder Model Portfolio	
Investment manager	Antares
Investment objectives	The primary objective is to regularly deliver higher levels of dividend income on a tax effective basis than the Benchmark. The other objective is to achieve moderate capital growth in a tax effective manner over a rolling 5 year period.
Investment strategy	The Model Portfolio invests in a diversified portfolio of high yielding Australian securities that aim to grow their dividends over time. Emphasis is placed on securing franked income and minimising security turnover to keep net realised capital gains low. Securities with a dividend yield return in the top quartile of the Index are generally selected.
Benchmark	S&P/ASX 200 Industrials Accumulation Index
Indicative number of different listed securities	15–25
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.46

Antares Listed Property Model Portfolio	
Investment manager	Antares
Investment objectives	The Model Portfolio's aim is to outperform the S&P/ASX 200 A-REIT Accumulation Index (before fees) with an expected lower volatility, over a rolling 5 year period.
Investment strategy	<p>Antares follows a bottom-up investment process, which means investment decisions are made by undertaking in-depth proprietary research and analysis of individual REITs, companies and securities.</p> <p>Antares aims to invest in REITs and companies where the current security's price does not fully reflect their view of its potential value. Through company contact and detailed financial and non-financial analysis, Antares' research analysts gain a first hand understanding of Australian businesses and the industries in which they operate.</p>
Benchmark	S&P/ASX 200 A-REIT Accumulation Index
Indicative number of different listed securities	10–30
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.67

JBWere Income Model Portfolio	
Investment manager	JBWere
Investment objectives	<p>To enhance the value of investment capital by generating combined capital and income returns that exceed the rate of inflation over the longer term (5 years plus).</p> <p>The Model Portfolio aims to produce a consistent income stream, with a dividend yield target of 1% per annum higher than that of the S&P/ASX 200 Accumulation Index. The targeted volatility of the Model Portfolio is at or below the Benchmark volatility over a rolling 5 year period.</p>
Investment strategy	<p>The Model Portfolio is Benchmark aware and JBWere uses stock selection and Model Portfolio construction to obtain an outcome that is defensive in nature with a dividend yield higher than the Benchmark.</p> <p>Reflecting the nature and focus on delivering a consistent income stream, the Model Portfolio is likely to have a greater component of income relative to capital gain in comparison to the S&P/ASX 200 Accumulation Index.</p>
Benchmark	S&P/ASX 200 Accumulation Index.
Indicative number of different listed securities	20
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.55

Model Portfolios

JBWere Listed Fixed Income Model Portfolio	
Investment manager	JBWere
Investment objectives	To outperform the RBA Cash rate after fees by 200 basis points over a rolling 5 year period. Further, the risk objective of the manager is to have no more than 3 negative annual investment returns over a rolling 20 year period.
Investment strategy	The SMA invests in ASX-listed securities including corporate bonds and government bonds, hybrids and convertible notes recommended by JBWere Limited. While the SMA aims to be fully invested at all times, short-term allocations to cash may occur. The Model Portfolio's target credit quality is investment-grade. Areas that JBWere focuses on within their investment selection criteria include credit quality, the expected level and reliability of coupon payments, adequacy of the trading margin, liquidity, visibility of maturity, and a value-triggering event. Reflective of its focus on risk, this SMA Model Portfolio is not expected to be a heavily-traded Model Portfolio. Moreover, the general approach is to hold instruments to maturity; however, Model Portfolio changes will be made in response in market movements and/or changes in credit quality.
Benchmark	Benchmark unaware
Indicative number of different listed securities	8–20
Indicative cash holding (%)	1–15
Automatic payment of investment income	Yes
Model management fee (% pa)	0.55

JBWere Industrials Model Portfolio	
Investment manager	JBWere
Investment objectives	To provide income with moderate capital appreciation over a rolling 5 year period by investing in Australian listed securities that have strong income producing characteristics that may include imputation or tax-deferred components. The targeted volatility of the Model Portfolio is at or below the Benchmark volatility over a rolling 5 year period.
Investment strategy	The Model Portfolio aims to deliver an above average after tax income stream while minimising earnings downside risk. The Model Portfolio invests in listed Australian Industrial companies. JBWere combines top down analysis with bottom up research and focuses on identifying companies with strong balance sheets with long term sustainable dividend payments. This Model Portfolio doesn't have exposure to the resource or listed property securities sectors. It can, at times, have exposure to small – mid cap companies.
Benchmark	S&P/ASX 300 Industrials Accumulation Index.
Indicative number of different listed securities	15–20
Indicative cash holding (%)	1–5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.40

Perennial Value Shares for Income Model Portfolio	
Investment manager	Perennial Value
Investment objectives	To provide investors a dividend yield, adjusted for applicable franking credits and before fees, above the S&P/ASX 300 Accumulation Index over a rolling 3 year period.
Investment strategy	The Model Portfolio invests in a well diversified range of Australian listed companies, which Perennial Value believes have the ability to pay a consistent level of dividends and which demonstrate financial soundness. Fundamental company research is applied to select a portfolio of companies that have a track record of paying a consistent level of cash dividends (including franking credits, where applicable) and demonstrate a sound financial position.
Benchmark	S&P/ASX 300 Accumulation Index (gross dividend yield)
Indicative number of different listed securities	25–30
Indicative cash holding (%)	1–5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.77

Model Portfolios

Antares Core Opportunities Model Portfolio	
Investment manager	Antares
Investment objectives	The investment objective is to outperform the Benchmark by 3.5% pa (before fees) over a rolling 5 year period.
Investment strategy	The Model Portfolio invests in a concentrated portfolio of typically no more than 25 companies identified as having the potential to offer significant long-term value. Holdings of securities are not constrained by index weightings or by individual security and sector limits.
Benchmark	S&P/ASX 200 Accumulation Index
Indicative number of different listed securities	15–25
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.62

Ausbil Australian Concentrated Equity Model Portfolio	
Investment manager	Ausbil
Investment objectives	To outperform the S&P/ASX 300 Accumulation Index over the medium to long term (5 years plus) by investing in a portfolio of listed Australian securities.
Investment strategy	Ausbil believes that the Australian equity market is relatively efficient, but not perfect. The basic premise of our philosophy is that stock prices ultimately follow earnings and earnings revisions. Ausbil seeks to identify earnings and earnings revisions at an early stage. We seek to position our Model Portfolio towards those sectors and stocks which we believe will experience positive earnings revisions and away from those we believe will suffer negative revisions.
Benchmark	S&P/ASX 300 Accumulation Index
Indicative number of different listed securities	20–30
Indicative cash holding (%)	1–10
Automatic payment of investment income	No
Model management fee (% pa)	0.92

JBWere Growth Model Portfolio	
Investment manager	JBWere
Investment objectives	To enhance the value of investment capital by generating combined capital and income returns that exceed the rate of inflation over the long term (5 years plus). The targeted volatility of the Model Portfolio is at or below the Benchmark volatility over a rolling 5 year period.
Investment strategy	The Model Portfolio selects securities in companies that JBWere believes have the potential to deliver an improving return profile above the general market. Reflecting the nature and focus on delivering growth, the Model Portfolio is likely to have a greater component of capital gains relative to income in comparison to the S&P/ASX 200 Accumulation Index.
Benchmark	S&P/ASX 200 Accumulation Index.
Indicative number of different listed securities	20
Indicative cash holding (%)	1–10
Automatic payment of investment income	No
Model management fee (% pa)	0.55

JBWere Leaders Model Portfolio	
Investment manager	JBWere
Investment objectives	To provide consistent long term income growth with some capital growth over a rolling 5 year period by investing in a broad selection of S&P/ASX 50 listed companies across various sectors and industries. The targeted volatility of the Model Portfolio is at or below the Benchmark volatility over a rolling 5 year period.
Investment strategy	The JBWere Leaders Model Portfolio has a strong income bias and invests primarily in leading Australian industrial securities that have a high dividend yield with a high proportion of franking credits. Exposure to resource securities will be included where they meet the Model Portfolio income mandate criteria. Management expertise is a key focus of analysis, with management who are capable of adding substantial value and generating above average and sustainable returns.
Benchmark	S&P/ASX 50 Accumulation Index
Indicative number of different listed securities	15–20
Indicative cash holding (%)	1–5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.40

Model portfolios

JBWere Small Companies Model Portfolio	
Investment manager	JBWere
Investment objectives	To provide long term capital growth by investing in a broad selection of Australian listed companies in the small to mid cap range. The targeted volatility of the Model Portfolio is at or below the Benchmark volatility over a rolling 5 year period.
Investment strategy	<p>The stock universe includes companies in either the S&P/ASX Small Ordinaries Index or companies with a market capitalisation less than \$2 billion. Up to 20% of the Model Portfolio is allowed outside these two parameters. These companies represent a broad selection of various sectors and industries. There is a particular bias towards industrial stocks with an emphasis on emerging growth stocks</p> <p>Management expertise is a key focus of analysis, seeking management who are capable of adding substantial value and generating above average and sustainable returns.</p>
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Indicative number of different listed securities	15–20
Indicative cash holding (%)	1–5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.45

Redpoint Industrials Model Portfolio	
Investment manager	Redpoint Investment Management
Investment objectives	To provide a total return in line with the Benchmark after fees, over a rolling 5 year period.
Investment strategy	<p>Redpoint employs a structured (rules-based) management strategy, which seeks to construct a representative portfolio of better quality companies that provides a return broadly comparable to that of the Benchmark. The approach is designed to provide a Model Portfolio with low turnover, appropriate risk controls relative to the Benchmark and comparatively lower costs.</p> <p>Redpoint's selection bias towards quality companies is expected to give the Model Portfolio a slight defensive tilt. This is expected to provide a modest outperformance during periods of market stress but marginal underperformance when speculative stocks are in favour. This slight bias is Redpoint's preferred method for sensibly allocating capital given the strategy is constrained to holding less than half the stocks in the Benchmark universe. Given the long horizon characteristics of Redpoint's quality metrics this selection approach is consistent with the objective of minimising turnover.</p>
Benchmark	S&P/ASX 100 Industrials Accumulation Index
Indicative number of different listed securities	30–40
Indicative cash holding (%)	1–5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.40

Perennial Growth Shares Model Portfolio	
Investment manager	Perennial Growth
Investment objectives	To outperform the S&P/ASX 300 Accumulation Index by 3% pa over a rolling 3 year period.
Investment strategy	The Model Portfolio invests in a diversified portfolio of Australian securities that offer sustainable and profitable growth prospects at attractive prices.
Benchmark	S&P/ASX 300 Accumulation Index
Indicative number of different listed securities	25–30
Indicative cash holding (%)	1–5
Automatic payment of investment income	No
Model management fee (% pa)	0.77

Model portfolios

UBS High Alpha Long Term Opportunity ('HALO') Model Portfolio	
Investment manager	UBS
Investment objectives	The performance objective is 400–600 basis points above the S&P/ASX 200 Accumulation Index (Benchmark) per annum after fees. The time horizon for these performance objectives is over a full investment cycle (typically 3 to 5 years).
Investment strategy	The Model Portfolio is a targeted high performance portfolio with the flexibility to take meaningful positions in attractive investment opportunities with a long term (5 years plus) time horizon.
Benchmark	S&P/ASX 200 Accumulation Index
Indicative number of different listed securities	20–30
Indicative cash holding (%)	1–5
Automatic payment of investment income	No
Model management fee (% pa)	0.57

How the SMA is managed

Who can invest

If you want to start an investment in the SMA, you must do so through an investor directed portfolio service (IDPS), a master trust, a superannuation fund or Wrap account – collectively known as a 'platform', administered or operated by NAL.

Please make sure that you have the latest copy of the PDS or in the case of an IDPS, the Financial Services Guide for the platform that you are invested in. These documents are referred to in this PDS as your 'platform offer documents'. You can obtain the latest copy of the platform offer documents on mlc.com.au or you can request a copy by calling us.

Investments into the SMA can be made in the following ways:

- cash
- transfer of securities, or
- a combination of both.

The minimum initial investment in a Model Portfolio is \$10,000. There is no minimum for additional investments.

Transacting

Moving securities into the SMA

You can move securities in your platform account into the SMA without cashing them in. Only securities currently available in the chosen Model Portfolio can be transferred. Please note the law doesn't allow us to accept NAB shares into the SMA.

If the securities that you transfer have a greater weighting than required in the Model Portfolio, some of the securities will be sold to purchase other securities that form part of the Model Portfolio.

All transaction requests have to be made through your platform. Before you transact, please make sure you refer to your platform offer documents.

Moving securities out of the SMA

You can also move securities out of the SMA.

If you only move some securities out of a Model Portfolio, it will be automatically rebalanced. This could result in the same securities you've moved out being repurchased.

Switching between Model Portfolios

You can switch between Model Portfolios. There are two ways you can do this:

- selling securities in one Model Portfolio to purchase securities in a new Model Portfolio
- transferring securities that are common to both Model Portfolios and then selling securities not common to purchase the securities needed to match the new Model Portfolio.

When you request to transfer a dollar amount, the transaction will be initiated using the market value of the securities on the date we receive your instruction. These values may change during the time it takes to complete the transfer.

Withdrawals

Withdrawals will be initiated within five days of receipt of the platform's request to do so.

For partial withdrawals you may receive less than requested if there is an unexpected downward movement in security prices.

We recommend you maintain a minimum of \$10,000 in each Model Portfolio. If the balance falls below this amount, we may close your investment in the Model Portfolio, and transfer the amount to your platform cash account.

Investment income

The frequency and amount of income that you receive will depend on the Model Portfolio/s that you have selected to invest in.

Investment income is initially deposited into the cash component of the SMA Model Portfolio.

Some Model Portfolios will then pay dividend and interest income to your platform Cash Account. Some Model Portfolios retain the dividend and interest income and reinvest it at their discretion in line with their investment strategy.

Any income received after you have closed your Model Portfolio, will be automatically transferred to your platform account.

The frequency and amount of income that you receive will depend on the Model Portfolio/s that you have selected to invest in.

Rebalancing

The Model Portfolios are monitored by professional investment managers that provide us with changes to securities selection and weightings on a regular basis. We then rebalance the Model Portfolios so that they are consistent with investment manager's weightings.

Rebalancing will generally occur when:

- an investment manager changes the holdings or weightings of a Model Portfolio

How the SMA is managed

- a new investment is made
- a withdrawal is made, or
- the balance of the cash component of one your Model Portfolios falls below the minimum required.

There may be some circumstances when your Model Portfolio doesn't exactly match the weightings of the investment manager's Model Portfolio. This may happen if a security is suspended from trading or if a trade doesn't meet the minimum trade size requirements.

Minimum trade size

The minimum trade size is equal to:

- the greater of 0.10% of the balance of your investment in a Model Portfolio, or
- \$250.

The minimum trade size may not be applied for:

- initial investments
- withdrawals
- trades as a result of a re-weight initiated to bring the cash component within a Model Portfolio back to the minimum, and
- an investment manager has requested an entire holding of a security to be removed from the Model Portfolio.

Minimum cash balance

Each Model Portfolio must contain a cash component of at least 1%. If the balance falls below the minimum, then the Model Portfolio will be rebalanced. This means that securities would be sold to bring the cash component back to the required minimum.

As tax is complex, we recommend that you contact your registered tax agent or the Australian Tax Office at ato.gov.au

Tax considerations

While you may have to pay tax on your investments, you could be eligible to claim some of the fees as a tax deduction.

At the end of each financial year the platform will send you a report to assist you in completing your income tax return.

Reporting

All relevant reports such as confirmation of transaction reports (daily), distribution statements (quarterly), tax statements and financial statements (annually) are provided as outlined in your platform's offer document.

Constitutions and Compliance Plans

Copies of the Constitutions and Compliance Plans are available free of charge upon request.

Please call us to obtain a copy.

Investors' rights

Because investing in the SMA through a platform is different to investing directly, there are some things you should be aware of:

- you don't have the right to attend investor meetings, vote or participate in discount card offers.

- you won't receive communications relating to corporate actions or provide us with any direction on how to act or vote. We will act in accordance with the direction provided by the relevant investment manager.
- you don't have access to the 14 day cooling-off period available for managed investments, and
- you generally can't participate in dividend re-investment schemes.

Investors' liability

The SMA's underlying assets are owned by NAL on behalf of investors. The Constitution limits investors' liability to their investment in the SMA. However, we cannot give an absolute assurance that your liability to the SMA is limited in all circumstances, as the issue has not been finally determined by a superior court.

Consents

Each investment manager has given its written consent to being named and quoted in this PDS, and to the inclusion of statements made by it or said to be based on statements made by it. As at the date of this PDS these consents have not been withdrawn.

Eligibility

This offer is made in Australia in line with Australian laws and will be regulated by these laws.

Resolving complaints

Please refer to your platform offer documents for the complaints procedure.

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.

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) website (moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

You should refer to your platform offer documents for further information regarding fees and costs.

This document shows fees and other costs that you may be charged that apply to the SMA. 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 the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular investment options are set out on pages 14 to 22.

On the following pages, all fees and charges are shown inclusive of Goods and Services Tax and net of Reduced Input Tax Credits (where available).

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the SMA		
Establishment fee The fee to open your investment	Nil	There is no establishment fee.
Contribution fee The fee on each amount contributed to your investment	Nil	There is no contribution fee.
Withdrawal fee The fee on each amount you take out of your investment	Nil	There is no withdrawal fee.
Exit fee The fee to close your investment	Nil	There is no exit fee.
Management costs		
The fees and costs for managing your investment The amount you pay for specific Model Portfolios is shown on pages 14 to 22.		Ranges from 0.21% to 0.92% pa. Calculated on your average monthly balance and deducted from the cash component of your Model Portfolio each month. Management costs may be increased up to a maximum of 5% pa with 30 days notice.
Service fees¹		
Switching fee The fee for changing investment options	Nil	There is no switch fee.

¹ Other service fees may apply. See the Additional explanation of fees and costs section on the following page.

Fees and other costs

Example of annual fees and costs

This table gives an example of how the fees and costs in the Ausbil Australian Concentrated Equity Portfolio can affect your investment over a 1 year period. You should use this table to compare this product with other investment products.

Example: Ausbil Australian Concentrated Equity Portfolio		Balance of \$50,000 with a contribution of \$5,000 during year ¹	
Contribution Fees	0%		For every additional \$5,000 you put in, you will be charged \$0.
Plus Management Costs	0.92% x \$50,000	\$460	And, for every \$50,000 you have in the Ausbil Australian Concentrated Equity Portfolio you will be charged \$460 each year.
Equals Cost of investment option		\$460	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 of from: \$460* What it costs you will depend on the investment option you choose and 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 contribution occurs at the end of the year.

Additional explanation of fees and costs

Transaction costs

Transaction costs, such as brokerage and stamp duty apply when securities are bought and sold. To minimise brokerage costs, all trades are consolidated and netted off. The total brokerage amount is then pro-rated across all investors in a Model Portfolio. The brokerage currently charged by the default broker is 0.21% of the total trade amount subject to a minimum of \$5.13.

An investment manager can use a different broker which may result in different brokerage costs being charged.

Bank fees

Any bank fees associated with operating the cash component of a Model Portfolio, including an overdraft facility, will be offset against any positive interest earned on the cash balance during the same month.

Negative cash component fee

Generally the cash component in any Model Portfolio will have a positive balance. However a cash component can have a negative balance if there are insufficient funds to settle a trade. This may happen when an investment manager rebalances a Model Portfolio. If this occurs a fee will be charged for the period the cash component has a negative balance.

An overdraft facility is available if the balance becomes negative. If this occurs investors in the Model Portfolio will be charged any interest expense associated with their proportion of the overdraft facility.

Fees paid to NAB group companies

We may use the services of NAB-owned companies where it makes good business sense to do so and will benefit our customers.

Amounts paid for these services are always negotiated on an arm's length basis and are included in the fees detailed in this document.

Varying fees

Unless otherwise stated, we'll give you no less than 30 days notice prior to increasing or implementing a new fee or other cost.

No notice will be given in respect of changes to transaction costs.

Maximum fees and costs

The Constitution allows for additional charges to be imposed for each of the Model Portfolios. We have no present intention to impose these charges.

If we subsequently decide to impose the charges you will be given 30 days prior written notice. The charges are a contribution fee (maximum of 5%), a transaction fee (maximum of 2% of the value of the transactions executed), an exit fee (maximum of 5%), a fee for transferring securities (maximum of \$125 per holding) and a performance fee (maximum of 50% of out-performance of a Benchmark). In addition, you transfer securities in and out of the SMA, the Constitution provides that we can require you to pay any stamp duty or other costs associated with the transfer.

Other fees we may charge

Fees may be charged if you request a service not currently offered. We'll agree any additional fee with you before providing the service.

We may pass on any costs we incur in implementing Government legislation or fees charged by third parties.

Adviser remuneration

Currently your financial adviser does not receive payments (remuneration) from us in respect of any investments in the SMA.

However, we may pay the AFSL holder, with whom your financial adviser is an authorised representative, remuneration based on the overall volume of business they generate with us. Part of this remuneration may be passed onto your financial adviser. Any such remuneration is not an additional charge to you.

We may also provide your financial adviser and/or AFSL holder with non-monetary benefits (such as conferences and technical support etc), known as alternative forms of remuneration.



**For more information call MLC
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