

Separately Managed Account

Product Disclosure Statement - Part 2

Model Menu

Preparation date
1 October 2021

Issued by Navigator
Australia Limited (NAL)

ABN 45 006 302 987
AFSL 236466



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

This PDS is comprised of two parts:

- **Part 1 – an overview of how the SMA works.**
- **Part 2 – (this document) the applicable SMA model menu available to you - information on the model portfolios including fees and costs that apply.**

The latest versions of these documents, which together comprise this PDS are available at mlc.com.au.

Contents

Summary of the Model Portfolios	4
Investment manager profiles	7
Model Portfolios	11
Fees and other costs	29
Other important information	33

This Product Disclosure Statement (PDS) is issued by Navigator Australia Limited (NAL) ABN 45 006 302 987 AFSL 236466, the responsible entity of the Integrated Separately Managed Account ARSN 138 086 889 (SMA). NAL is part of the group of companies comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate (IOOF Group).

The information in this **PDS** is general in nature and doesn't take into account your objectives, financial situation or individual needs. Before acting on any of this information you should consider whether it is appropriate for you. You should consider obtaining financial advice before making any decisions based on this information.

References to 'we', 'us' or 'our' are references to NAL, unless otherwise stated.

This offer is made in Australia in accordance with Australian laws.

Each referenced investment manager has given written consent to be named in the **PDS** and to the inclusion of statements made by them. As at the date of the **PDS**, these consents have not been withdrawn.

In some cases, information in this **PDS** has been provided to us by third parties. While it is believed the information is accurate and reliable, the accuracy of that information is not guaranteed in any way.

Investment through the SMA, and the information in this PDS, is only intended to be accessed by persons who hold an account in an investor directed portfolio service, a master trust or a superannuation fund (each referred to in this PDS as a "platform") that is administered or operated by a IOOF Group company (referred to in this PDS as the "platform operator"). When you apply to invest in the SMA via the relevant platform, the platform operator will hold the relevant interest in the SMA on your behalf according to the terms of that platform.

The information in this PDS is subject to change. Changes to the SMA and the Model Portfolios will be made from time to time and we may add or remove Model Portfolios. The Platform operator will advise you of changes to information in this PDS that are materially adverse. We may provide this information to you by mail, email or by making the information available at **mlc.com.au**. We'll let you know when information about your Model Portfolio has been made available online. If you prefer to receive updates about your account by mail, please let us know.

The information in this document may change from time to time. Any updates that aren't materially adverse will be available at **mlc.com.au**. You can obtain a paper copy of any of these changes at no additional cost by contacting us.

An online copy of this **PDS** is available at **mlc.com.au/sma**

Summary of the Model Portfolios

Model Portfolios

Model portfolios are a way for you to gain exposure to a range of assets according to a defined investment strategy and objective. Model portfolios invest in a

range of assets which may include listed securities, managed funds, ETFs (Exchange Traded Funds), cash and fixed interest investments. You can choose one model portfolio option or a combination of options.

The minimum initial investment is different for each Model Portfolio. There is no minimum for additional investments you may choose to make in your model portfolio.

Listed security Model Portfolios	Investment manager	Indicative number of securities held	Investment approach	Automatic payment of investment income	Benchmark	Model management fee (% pa)
Index						
Blue Chip Top 20	Antares	20	Index	Yes	S&P/ASX 20 Accumulation Index	0.21
Value/Income						
Antares Dividend Builder	Antares	15–25	Income	Yes	S&P/ASX 200 Industrials Accumulation Index	0.46
JBWere Income	JBWere	15-25	Income	Yes	S&P/ASX 200 Accumulation Index	0.55
JBWere Listed Fixed Income	JBWere	10-25	Income	Yes	Benchmark unaware	0.55
Perennial Value Shares for Income	Perennial Value	25–40	Value/Income	Yes	S&P/ASX 300 Total Return Index (gross dividend yield)	0.77
Zurich Australian Listed Property	Zurich	15-30	Income	Yes	S&P/ASX 300 AREIT Accumulation Index	0.81
Core/Growth						
Antares Elite Opportunities	Antares	Up to 35	Core	Yes	S&P/ASX 200 Accumulation Index	0.62
Antares Ex-20 Australian Equities	Antares	15-30	Growth	No	Return of the S&P/ASX 200 Accumulation Index excluding stocks listed in the S&P/ASX 20 Accumulation Index	0.75
Ausbil Australian Concentrated Equities	Ausbil	20–30	Core	No	S&P/ASX 300 Accumulation Index	0.92
Pendal Australian Share	Pendal	15-35	Core	Yes	S&P/ASX 300 Total Return Index	0.60
Redpoint Industrials	Redpoint	30–40	Core	Yes	S&P/ASX 100 Industrials Accumulation Index	0.40

Summary of the Model Portfolios

Multi-Asset Model Portfolios	Investment manager	Indicative number of investments held*	Automatic payment of investment income	Estimated Buy-Sell Spread range (%)	Estimated ICR (% pa)*	Estimated ICR rebate (% pa)**	Model Management Fee (% pa)
Growth							
PIC Lifecycle Growth Moderate	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.676	0.000	0.305
PIC Lifecycle Growth Assertive	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.720	0.000	0.305
PIC Lifecycle Growth Aggressive	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.766	0.000	0.305
MLC Premium Moderate	MLC Asset Management	30 - 40	Yes	0.00 - 0.27%	0.650	0.110	0.305
MLC Premium Assertive	MLC Asset Management	30 - 40	Yes	0.00 - 0.32%	0.804	0.144	0.305
MLC Premium Aggressive	MLC Asset Management	30 - 40	Yes	0.00 - 0.30%	0.921	0.175	0.305
Income							
PIC Lifecycle Income Conservative	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.601	0.000	0.305
PIC Lifecycle Income Moderate	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.697	0.000	0.305
PIC Lifecycle Income Assertive	Lonsec Investment Solutions	8 -18	Yes	0.00 - 0.40%	0.724	0.000	0.305

Summary of the Model Portfolios

Multi-Asset Model Portfolios	Investment manager	Indicative number of investments held*	Automatic payment of investment income	Estimated Buy-Sell Spread range (%)	Estimated ICR (% pa)*	Estimated ICR rebate (% pa)**	Model Management Fee (% pa)
Enhanced Index							
MLC Value Moderate	MLC Asset Management	30 - 40	Yes	0.00 - 0.27%	0.358	0.069	0.254
MLC Value Assertive	MLC Asset Management	30 - 40	Yes	0.00 - 0.32%	0.355	0.078	0.254
MLC Value Aggressive	MLC Asset Management	30 - 40	Yes	0.00 - 0.30%	0.343	0.088	0.254
The estimated ICR and model management fees make up the total cost for investing in these options. More detail can be found on page 29 - Fees and other costs.							

- * The Indirect Costs are an estimation of the costs that will be incurred through investing in the underlying managed investment schemes. The actual costs incurred may vary. These costs include any applicable expense recovery and performance fee payable to the investment manager of the underlying managed investment schemes. We expect the Indirect Costs to be between -0.10% to +0.10% of this estimate. For example, in the case of Indirect Costs of 0.40%, the range would be between 0.30% and 0.50%. The estimated ICR rates shown above are gross of any rebates.
- ** Estimated ICR rebates are an estimation of the rebate that may be incurred through investing in the Model Portfolio. Rebates have been individually negotiated by NAL with investment managers and may change without prior notice to you.
- + Multi-Asset Model Portfolios may invest in managed investment schemes which expand your breadth of investment over additional securities and trusts increasing diversification.

Investment manager profiles



Antares Capital Partners Ltd ('Antares') specialises in the active management of Australian shares and listed property securities. Since its inception in 1994, the Antares team has established itself as a specialist in the active management of Australian equities. Key to Antares' success is the experience and judgment of its investment team. Antares is dedicated to providing investment solutions to both institutional and retail clients. Antares aims to have a dynamic culture and quality investment team that can deliver a range of investment solutions.

The Antares team believes that superior investment performance can only be achieved through a disciplined and sceptical approach to investing. Fundamental bottom up research that is detailed, style agnostic and systematic underpins Antares stock selection. This enables the conviction and courage to move against markets and exploit their inefficiencies.

Antares believes that the pricing of shares in the Australian share market is at times inefficient. This mispricing occurs for a number of reasons:

- Investors take a short term view;
- Investors under or over react to changes in a company's operating environment; and
- Investors make incorrect generalisations about similar companies.

Antares believes these inefficiencies can be exploited through fundamental company analysis.



Ausbil Investment Management Limited is a leading Australian investment manager. Established in April 1997, Ausbil manages Australian and international securities for major superannuation funds, institutional investors, master trust and retail clients. Ausbil manage over \$15 billion in active Australian and global equity investments (as at 30 June 2021). Ausbil is owned by its employees and indirectly by New York Life Investment Management Holdings LLC (New York Life Investments), a wholly-owned subsidiary of New York Life Insurance Company. New York Life Investments has more than US\$500 billion in assets under management. New York Life Investments, through its multi-boutique investment structure, has a number of boutique affiliates including MacKay Shields, Candriam Investors Group, PA Capital and GoldPoint Partners.

Ausbil's company structure embraces four criteria important in the selection of an investment manager:

- Solid ownership structure providing strong financial integrity to the investment manager;
- Key management incentivised by way of ownership in the business;
- Proven investment processes and performance track record in core areas of expertise with a strong focus on risk management skills;
- An experienced and stable team of investment managers.

The investment philosophy and corporate goals of Ausbil have been formulated to provide a tightly defined and disciplined investment management style that is active and incorporates quantitative inputs and risk awareness. Ausbil's style pursues the goal of adding value from a clear set of transparent processes that seek to enhance performance, whilst managing risk. Ausbil is a signatory to the Principles for Responsible Investment (PRI) and has a dedicated environmental, social and governance (ESG) research team who provide an in-house service.

Investment manager profiles

PENDAL

Pendal Institutional Limited (**Pendal**) is a global investment management business focused on delivering superior investment returns for their clients through active management.

Pendal offers investors a range of Australian and international investment choices including shares, property securities, fixed income and cash strategies, as well as multi-asset and responsible investments. To complement its in-house expertise, Pendal also partners with leading global investment managers.

Pendal does not have a 'house view' and operates a multi-boutique style business. Their proven and experienced fund managers have the autonomy to make decisions with conviction, built on a philosophy of meritocracy that fosters success from a diversity of insights and approaches to investment. Pendal strives for superior results through a performance culture that backs independent actions.

Pendal's investment teams are supported by a strong operational platform across risk and compliance, sales, and marketing and operations, allowing their fund managers to focus on generating returns for their clients.

Pendal is a wholly owned subsidiary of Pendal Group Limited and is one of Australia's largest and most enduring pure investment managers (ASX: PDL).

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 Limited provides clients with an extensive array of investment options.

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.



Perennial Value is a specialist, active investment management firm. Formed in 2000 and led by well-known Value investor John Murray, Perennial Value's sole focus is to deliver excellence in funds management through equity ownership and the alignment of interests between key investment management staff and our clients.

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.

Investment manager profiles



The PIC Lifecycle portfolios are managed by Lonsec Investment Solutions Pty Ltd (LIS), and incorporate advice and input from MLC Asset Management Pty Ltd in areas such as asset allocation, to provide a blend of ideas from different sources to structure portfolios.

LIS provides extensive expertise in portfolio construction and manager selection in the construction of the PIC Lifecycle portfolios. Drawing on Lonsec's in-depth investment product research, LIS provides access to a range of investment solutions across managed funds, listed products and alternative assets. LIS is owned by Lonsec Holdings Pty Ltd.

MLC Asset Management Pty Ltd licenses Private Investment Consulting (PIC) to provide specialist asset consulting services to LIS. PIC provides the insights of JANA Investment Advisors as the source of primary capital markets research and asset allocation views that are considered by the joint Lonsec/PIC investment committee responsible for the PIC Lifecycle portfolios. JANA is a leading Australian investment consultant with extensive experience in dynamic asset allocation.



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

As a boutique that's majority-owned by its employees, Redpoint's interests are closely aligned with its clients. Redpoint's partnership with GSFM provides them with financial strength and sales support so they can remain focused on what they do best – delivering enduring investment outcomes for their clients.

The Redpoint team applies their knowledge of equity markets and deep understanding of risk with the aim of delivering investment solutions that are cost efficient, well-diversified and meet their investment objectives.



Zurich Financial Services Australia is part of the worldwide Zurich Financial Services Group, an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe as well as in Asia Pacific, Latin America and other markets.

Zurich Investments is the funds management arm of Zurich Financial Services Australia. Through Zurich Investments, investors can gain exclusive access to a range of specialist managers. Rather than managing money in-house, Zurich Investments forms long-term strategic investment partnerships with specialist investment managers who possess a successful performance track record and adhere to a disciplined investment style.

Zurich Investments has appointed Renaissance Property Securities Pty Ltd (Renaissance) as its strategic investment partner for Australian Property Securities investments. Renaissance was established in April 2003 as a division of Renaissance Asset Management and combines over 40 years of Australian property securities investment management experience.

Investment manager profiles



ASSET MANAGEMENT

MLC Asset Management is one of Australia's most experienced investment managers, with over 35 years' experience designing and managing portfolios and over \$150 billion* in assets under management.

The team is well-resourced with combined experience of more than 200 years in designing and managing all aspects of a portfolio including asset allocation, investment manager selection, risk management and implementation.

The team utilise a market-leading investment approach to structure portfolios with the aim of delivering more reliable returns in many potential market environments. And, as their assessment of world markets changes, the portfolios are evolved to manage new risks and capture new opportunities.

* MLC Asset Management is a business division in the IOOF Group of Companies. It includes a range of businesses and partners that in aggregate manage over A\$175bn assets under management as at 30 June 2021.

Model Portfolios

Blue Chip Top 20 Model Portfolio	
Index	
Investment manager	Antares
Investment objective	To deliver similar returns to the S&P/ASX 20 Accumulation Index before fees and costs.
Investment strategy	The Model Portfolio passively invests in securities included, or that are expected to be included, in the Benchmark. The Model Portfolio aims to maintain the security's Benchmark weighting as accurately as possible at all times.
Benchmark	S&P/ASX 20 Accumulation Index
Indicative number of different listed securities	20
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.21
Antares Dividend Builder Model Portfolio	
Income	
Investment manager	Antares
Investment objective	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	10–25
Indicative cash holding (%)	1–10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.46

Model Portfolios

JBWere Income Model Portfolio	
Income	
Investment manager	JBWere
Investment objective	<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	15-25
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	
Income	
Investment manager	JBWere
Investment objective	To outperform the RBA Cash rate after fees and costs 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 Model Portfolio invests in ASX-listed securities which may include corporate and government bonds, hybrids and convertible notes recommended by JBWere Limited. While the Model Portfolio 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 at the issuer level. 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 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	10-25
Indicative cash holding (%)	1-15
Automatic payment of investment income	Yes
Model management fee (% pa)	0.55

Model Portfolios

Perennial Value Shares for Income Model Portfolio	
Value	
Investment manager	Perennial Value
Investment objective	To provide investors a dividend yield, adjusted for applicable franking credits and before fees and costs, 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	25-40
Indicative cash holding (%)	1-10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.77

Model Portfolios

Zurich Australian Listed Property Model Portfolio	
Value	
Investment manager	Zurich
Investment objective	To provide investors with an income stream and capital growth over the medium to long term. The portfolio aims to outperform the S&P/ASX 300 AREIT Accumulation Index over a period of five years.
Investment strategy	In managing the Zurich Australian Listed Property Model Portfolio, Zurich Investments aims to identify and invest in property securities whose market price is less than its intrinsic value, based on research and an assessment of their underlying value. The investment team conducts rigorous individual stock research with the choice of securities not limited to those represented in the industry benchmark.
Benchmark	S&P/ASX 300 AREIT Accumulation Index
Indicative number of different listed securities	15-30
Indicative cash holding (%)	1-5
Automatic payment of investment income	Yes
Model management fee (% pa)	0.81
Antares Elite Opportunities Model Portfolio	
Core	
Investment manager	Antares
Investment objective	The investment objective is to outperform the S&P/ASX 200 Accumulation Index (after fees) over a rolling 5 year period.
Investment strategy	The Model Portfolio invests in a concentrated portfolio of typically no more than 35 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	Up to 35
Indicative cash holding (%)	1-10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.62

Model Portfolios

Antares Ex-20 Australian Equities Model Portfolio	
Growth	
Investment manager	Antares
Investment objective	The investment objective is to outperform the return of the S&P/ASX 200 Accumulation Index excluding stocks listed in the S&P/ASX 20 Accumulation Index (after fees) over a rolling 5 year period.
Investment strategy	The Model Portfolio is an actively managed, highly concentrated portfolio of Australian equities. It invests in shares generally from outside of the largest 20 companies by market capitalisation that Antares identifies as having the potential to offer significant long term capital growth. Holdings of securities are not constrained by index weightings or by individual security and sector limits.
Benchmark	Return of the S&P/ASX 200 Accumulation Index excluding stocks listed in the S&P/ASX 20 Accumulation Index.
Indicative number of different listed securities	15-30
Indicative cash holding (%)	1-10
Automatic payment of investment income	No
Model management fee (% pa)	0.75

Model Portfolios

Ausbil Australian Concentrated Equity Model Portfolio	
Core/Growth	
Investment manager	Ausbil
Investment objective	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	<p>Ausbil's broad investment philosophy is that active management of its portfolios facilitates consistent and risk controlled outperformance. Rather than focusing just on growth or value investing, Ausbil's investment approach allows it to exploit the inefficiencies across the entire market, at all stages of the cycle and across all market conditions. Ausbil is a top down, bottom up investment manager.</p> <p>It believes that the Australian equity market is relatively efficient, but not perfect. The combination of top down macroeconomic research with in-depth bottom up stock analysis gives Ausbil better insights into the earnings profile of the universe of companies during the various stages of the economic/investment cycle.</p> <p>The basic premise of Ausbil's philosophy is that stock prices ultimately follow earnings and earnings revisions. Ausbil believes that the market places excessive emphasis on the current situation and does not sufficiently take into account the likelihood of future changes to the earnings profile of individual companies and sectors.</p> <p>Ausbil's process seeks to identify earnings and earnings revisions at an early stage, and hence to anticipate stock price movements. Ausbil seek to position its portfolios towards those sectors and stocks which it believes will experience positive earnings revisions and away from those it believes will suffer negative revisions. At any time, the portfolio will be tilted toward stocks which afford the most compelling opportunities for appreciation over the coming twelve months.</p>
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

Model Portfolios

Pendal Australian Share Model Portfolio	
Core/Growth	
Investment manager	Pendal Institutional Limited
Investment objective	The objective of the Model Portfolio is to outperform the S&P/ASX 300 Total Return Index over a rolling 3 year period.
Investment strategy	Pendal's strategy employs a bottom up, fundamental approach to build a diversified portfolio of broad-cap Australian shares where the majority of active risk and out-performance is driven by stock selection. Pendal's core investment style is to select stocks based on its assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Pendal's fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).
Benchmark	S&P/ASX 300 Total Return Index
Indicative number of different listed securities	15-35
Indicative cash holding (%)	1-10
Automatic payment of investment income	Yes
Model management fee (% pa)	0.60

Model Portfolios

Redpoint Industrials Model Portfolio		
Core/Growth		
Investment manager	Redpoint	
Investment objective	To provide a total return in line with the Benchmark after fees and costs, over a rolling 5 year period.	
Investment strategy	Redpoint employs a disciplined approach which seeks to construct a Model Portfolio of better quality companies with more sustainable business practices 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. 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. Redpoint's approach is aimed at de-selecting or, at least, underweighting poorer quality stocks. This approach is Redpoint's preferred method for sensibly de-selecting stocks given the strategy is constrained to holding less than half the stocks in the Benchmark.	
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	
PIC Lifecycle Growth Moderate Model Portfolio		
Growth		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 3-4% pa (before fees and tax) over 5-7 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 3 and 4 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	10% - 80%
	Alternatives	0% - 30%
	Fixed income	20% - 88%
	Cash	2% - 90%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.676	

Model Portfolios

PIC Lifecycle Growth Assertive Model Portfolio		
Growth		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 4-5% pa (before fees and tax) over 7-10 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 4 and 5 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	20% - 90%
	Alternatives	0% - 40%
	Fixed income	10% - 78%
	Cash	2% - 80%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.720	
PIC Lifecycle Growth Aggressive Model Portfolio		
Growth		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 5-6% pa (before fees and tax) over 7-10 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 5 and 6 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	30% - 100%
	Alternatives	0% - 50%
	Fixed income	0% - 68%
	Cash	2% - 70%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.766	

Model Portfolios

MLC Premium Moderate Model Portfolio		
Growth		
Investment manager	MLC Asset Management	
Investment objective	CPI +2% pa over 3 - 5 years after investment manager fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects specialist investment managers to build investments in the asset classes. Investments will mainly be actively managed through a combination of direct shares in companies and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will have similar weightings to defensive and growth assets, and returns will mainly be generated from growth in capital with some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	15% - 65% 0% - 20% 20% - 60% 2% - 20%
Automatic payment of income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.650	
Estimated ICR rebate (% pa)	0.110	

Model Portfolios

MLC Premium Assertive Model Portfolio		
Growth		
Investment manager	MLC Asset Management	
Investment objective	CPI +3% pa over 5 - 7 years after investment manager fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects specialist investment managers to build investments in the asset classes. Investments will mainly be actively managed through a combination of direct shares in companies and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will be mainly invested in growth assets with some exposure to defensive assets, and returns will mainly be generated from growth in capital and some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	30% - 85% 0% - 20% 5% - 40% 2% - 15%
Automatic payment of income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.804	
Estimated ICR rebate (% pa)	0.144	

Model Portfolios

MLC Premium Aggressive Model Portfolio		
Growth		
Investment manager	MLC Asset Management	
Investment objective	CPI +4% pa over 7 - 10 years net of fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects the specialist investment managers to build investments in the asset classes. Investments will mainly be actively managed through a combination of direct shares in companies and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will be predominantly invested in growth assets with a small exposure to defensive assets, and returns will mainly be generated from growth in capital with some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	40% - 95% 0% - 20% 0% - 30% 2% - 10%
Automatic payment of income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.921	
Estimated ICR rebate (% pa)	0.175	

Model Portfolios

PIC Lifecycle Income Conservative Model Portfolio		
Income		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 2-3% pa (before fees and tax) over 3-5 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 1 and 2 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	0% - 60%
	Alternatives	0% - 20%
	Fixed income	40% - 98%
	Cash	2% - 100%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.601	
PIC Lifecycle Income Moderate Model Portfolio		
Income		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 3-4% pa (before fees and tax) over 5-7 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 3 and 4 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	10% - 80%
	Alternatives	0% - 30%
	Fixed income	20% - 88%
	Cash	2% - 90%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.697	

Model Portfolios

PIC Lifecycle Income Assertive Model Portfolio		
Income		
Investment manager	Lonsec Investment Solutions Pty Ltd	
Investment objective	Total return of CPI plus 4-5% pa (before fees and tax) over 7-10 years. Reviewed periodically. Limit the expected incidence of negative annual returns in any 20 year period to between 4 and 5 years.	
Investment strategy	We construct well diversified investment portfolios that are designed to achieve the investment objectives with minimum risk possible.	
Indicative number of different investments	8-18	
Asset class ranges	Shares & Property	20% - 90%
	Alternatives	0% - 40%
	Fixed income	10% - 78%
	Cash	2% - 80%
Automatic payment of investment income	Yes	
Model management fee (% pa)	0.305	
Estimated ICR fee (% pa) may include performance fees	0.724	

Model Portfolios

MLC Value Moderate Model Portfolio		
Index		
Investment manager	MLC Asset Management	
Investment objective	CPI +1.75% pa over 3 - 5 years after investment manager fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects specialist index managers to build investments in certain asset classes, and selectively uses active managers where they believe it makes the greatest difference to risks or returns. Investments will mainly be managed through a combination of direct shares in companies, ETFs and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will have similar weightings to defensive and growth assets, and returns will mainly be generated from growth in capital with some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	15% - 65% 0% - 20% 20% - 60% 2% - 20%
Automatic payment of income	Yes	
Model management fee (% pa)	0.254	
Estimated ICR fee (% pa) may include performance fees	0.358	
Estimated ICR rebate (% pa)	0.069	

Model Portfolios

MLC Value Assertive Model Portfolio		
Enhanced Index		
Investment manager	MLC Asset Management	
Investment objective	CPI +2.5% pa over 5 - 7 after investment manager fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects specialist index managers to build investments in certain asset classes, and selectively uses active managers where they believe it makes the greatest difference to risks or returns. Investments will mainly be managed through a combination of direct shares in companies, ETFs and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will be mainly invested in growth assets with some exposure to defensive assets, and returns will mainly be generated from growth in capital and some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	30% - 85% 0% - 20% 5% - 40% 2% - 15%
Automatic payment of income	Yes	
Model management fee (% pa)	0.254	
Estimated ICR fee (% pa) may include performance fees	0.355	
Estimated ICR rebate (% pa)	0.078	

Model Portfolios

MLC Value Aggressive Model Portfolio		
Enhanced Index		
Investment manager	MLC Asset Management	
Investment objective	CPI +3.5% pa over 7 - 10 years after investment manager fees.	
Investment strategy	<p>MLC Asset Management experts invest the Portfolio in a combination of asset classes including shares, fixed income, alternatives and cash that they believe will best achieve the investment objective for investors.</p> <p>The team carefully selects specialist index managers to build investments in certain asset classes, and selectively uses active managers where they believe it makes the greatest difference to risks or returns. Investments will mainly be managed through a combination of direct shares in companies, ETFs and managed funds.</p> <p>As investment markets are constantly evolving, the team actively adjusts the Portfolio to take advantage of opportunities and reduce the risks of investing. The Portfolio will be predominantly invested in growth assets with a small exposure to defensive assets, and returns will mainly be generated from growth in capital with some income.</p>	
Indicative number of different investments	30 - 40	
Asset class ranges	Shares & Property Alternatives Fixed income Cash	40% - 95% 0% - 20% 0% - 30% 2% - 10%
Automatic payment of income	Yes	
Model management fee (% pa)	0.254	
Estimated ICR fee (% pa) may include performance fees	0.343	
Estimated ICR rebate (% pa)	0.088	

Fees and other costs

This will give you an understanding of the fees and costs you may pay.

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 contribution fees and management costs where applicable. Ask the Service or your financial adviser.

TO FIND OUT MORE

If you'd 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 (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. 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. Taxes are set out in another part of this document.

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 model portfolios are set out on pages 11 to 28.

Fees and other costs

Separately Managed Account		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the managed investment product		
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.

Fees and other costs

Management costs		
The fees and costs for managing your investment The amount you pay for specific Model Portfolios is shown on pages 11 to 28.	0.21% to 1.23% pa	Management Costs: Management costs are calculated on your average balance and deducted from the cash component of your Model Portfolio each month. Indirect Costs: The indirect costs, including any performance-related fees are not charged directly by us. These indirect costs are paid from the assets of the underlying investments, and will generally be reflected in the unit prices of those investments.
Service fees ¹		
Switching fee The fee for changing model portfolios	Nil	There is no switching fee.

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

Additional explanation of fees and costs

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

Negotiated fees

Investment in the SMA is only available via platforms, and the platform operators (or their appointed custodians) will therefore be the members of the scheme.

We may negotiate fee arrangements on an individual basis with those platform operators or custodians, such that the fees that may be charged, rebated or waived by us in relation to those wholesale clients differs from the fee arrangements applying to other members.

Transaction costs

Transaction costs are an additional cost to you.

Buy-sell Spreads

Buy-sell spreads are charged by the underlying fund manager and are not paid to us or any investment managers.

Transaction costs for listed securities

When shares within model portfolios are purchased and sold, brokerage and settlement costs will be incurred. The

brokerage rates that apply will usually be lower than the brokerage rates described for listed securities.

Transaction costs may also be incurred when the market process for purchasing or selling assets causes the transacted price to be different to the value of the assets immediately before or after the transaction, for example where bid/ask spreads are incurred.

To minimise brokerage costs, trades are consolidated and netted off across all accounts invested in a particular Model Portfolio. The total brokerage amount is then pro-rated across all investors. In some cases, we may not need to process a transaction as it may be possible to net a particular transaction against transactions for other investors in the same Model Portfolio. In these cases, no brokerage will be charged. The brokerage currently charged by the preferred broker is 0.21% of the total trade amount subject to a minimum of \$5.13. This is deducted from your cash holdings in the Model Portfolio at the time of transaction.

The preferred broker is WealthHub Securities Limited.

Transaction costs for managed investment schemes

When assets in a managed investment product are bought or sold, costs such as brokerage, stamp duty and settlement costs are incurred. Costs may also be

incurred when the market process for purchasing assets causes the price paid to be higher than the value of the assets immediately after the purchase transaction, for example where bid/ask spreads are incurred. Some or all of these costs may be met by a buy-sell spread which is an additional cost to you when you add to or withdraw from the investment option or if you switch investment options. The remaining costs are met from assets of the investment option and reduce the return of the investment.

Performance fees

A performance fee may be paid when investment returns exceed a specified level which will increase the management costs payable by you. Where any of the investment managers of a managed investment scheme in the multi-asset Model Portfolios charge a performance fee, a fee which is proportional to the assets held with that investment manager will be charged. These proportional fees are added together to give one performance fee for the multi manager portfolio.

Where applicable, an estimate of this fee is included in the model management fees shown in the Summary of the Model Portfolios section on page 11 to 28 of this PDS. The actual performance fee charged in future periods may differ from the estimated fee.

Fees and other costs

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 we rebalance a Model Portfolio. If this occurs a fee may 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.

Tax

For information about tax and the SMA, see Part 1 of the PDS.

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 charge.

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 new charges or increase in existing fees 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), a withdrawal fee (maximum of 5%), a fee for transferring securities (maximum of \$75 per holding) and a performance fee (maximum of 50% of out-performance of a Benchmark).

In addition, if 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.

Subject to law, 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.

Other adviser remuneration

Your financial adviser is not paid commissions for this product. They may receive alternative forms of payments such as conference and professional development seminars for training purposes. These are paid by us and are at no additional cost to you.

Fees and other costs

Example of annual fees and costs for a balanced model portfolio or other model portfolio

This table gives an example of how the fees and costs in the Antares Dividend Builder Portfolio 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 managed investment products.

Example: Antares Dividend Builder 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	0.46%	And, for every \$50,000 you have in the Antares Dividend Builder Portfolio you will be charged \$230 each year.
Equals Cost of Antares Dividend Builder 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 of: \$230* What it costs you will depend on the model portfolio you choose and the fees you negotiate.

* Additional fees may apply.

¹This example assumes the \$5,000 is contributed at the end of the year.

Other important information

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.

Authorised investments

The investment managers employed in the management of each model portfolio may invest in the assets in line with stated investment objectives and strategy and the mandate for the portfolio.

Related party transactions and conflicts of interest

The SMA may pay and use the services of IOOF Group related companies where it makes good business sense to do so and will benefit our customers.

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

Appointments of these companies are made in accordance with the requirements of the relevant policies for management of conflicts of interest.

MLC Asset Management Pty Ltd is a member of the IOOF Group and licenses Private Investment Consulting (PIC) to provide specialist asset consulting services to Lonsec Investment Solutions Pty Ltd. A representative of MLC Asset Management Pty Ltd is a member of the Lonsec/PIC investment committee responsible for the PIC Lifecycle portfolios.

Antares Capital Partners Ltd and MLC Asset Management Services Limited provide investment management services directly to NAL.

SMA Custodian

Clearstream Australia Limited is the custodian for managed fund assets held on your behalf. NAL is the custodian for the remainder of the assets.

SMA Preferred Broker

WealthHub Securities Limited provides trading services to NAL.



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

Postal address

GPO Box 2567
Melbourne VIC 3001

Registered office

Ground Floor, MLC Building
105–153 Miller Street
North Sydney NSW 2060

mlc.com.au