

MLC Investment Trust

Product Guide



This MLC Investment Trust Product Guide ('Guide') provides additional information about topics under the prescribed sections of the Product Disclosure Statements (PDSs) listed on page 1 of this Guide. The information in this Guide forms part of those PDSs.

This Guide and the PDSs contain important information you should consider before making an investment decision in relation to the products listed on page 1. The information provided in this Guide and the PDSs is general information only and does not take into account your personal financial situation or needs. We recommend you obtain financial advice for your own personal circumstances before making any investment decision.

MLC. With you

Who you go through life with makes all the difference

The MLC group has been looking after Australians' investment and insurance needs for over 120 years.

This experience has taught us the right solution for each investor is unique.

That's why we specialise in creating a diverse range of super, investment and insurance solutions.

We do this so you and your financial adviser can grow and protect your wealth the way you want to.

And, as your needs will change with time, we'll continually enhance our products and services so you can get the best out of your experience with us.

Investing with us

Our portfolios make sophisticated investing straightforward. We're experts in putting together portfolios for people.

We have the experience and resources to find some of the best investment managers from around the world.

And, as world markets change, we manage and evolve our portfolios.

We actively research markets and seek new opportunities to increase returns or reduce risk.

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

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Trusts covered by this Guide		
Trusts	ARSN	PDS Date
MLC Horizon Series Portfolios		
MLC Wholesale Horizon 1 Bond Portfolio	117 295 495	1 February 2012
MLC Wholesale Horizon 2 Income Portfolio	117 295 584	1 February 2012
MLC Wholesale Horizon 3 Conservative Growth Portfolio	096 796 379	1 February 2012
MLC Wholesale Horizon 4 Balanced Portfolio	087 446 375	1 February 2012
MLC Wholesale Horizon 5 Growth Portfolio	087 446 633	1 February 2012
MLC Wholesale Horizon 6 Share Portfolio	096 796 075	1 February 2012
MLC Asset Class Portfolios		
MLC Wholesale Australian Share Fund	087 447 078	1 February 2012
MLC Wholesale Australian Share Growth Style Fund	111 074 125	1 February 2012
MLC Wholesale Australian Share Value Style Fund	111 074 054	1 February 2012
MLC Wholesale Diversified Debt Fund	130 171 078	1 February 2012
MLC Wholesale Global Property Fund	124 947 164	1 February 2012
MLC Wholesale Global Share Fund	087 446 875	1 February 2012
MLC Wholesale Global Share Growth Style Fund	111 074 170	1 February 2012
MLC Wholesale Global Share Value Style Fund	111 074 152	1 February 2012
MLC Wholesale Hedged Global Share Fund	124 946 998	1 February 2012
MLC Wholesale IncomeBuilder™	087 447 265	1 February 2012
MLC Wholesale Property Securities Fund	087 447 425	1 February 2012
MLC Long-Term Absolute Return Portfolio		
MLC Wholesale Long-Term Absolute Return Portfolio	117 295 315	1 February 2012

1. How the Trusts work

Opening an account

If you invest in the Trusts via an IDPS, please contact your IDPS operator for details of how to invest with your IDPS.

The Trusts may accept investors who are:

- resident in Australia and a 'wholesale client' within the meaning of the Corporations Act 2001, or
- resident in New Zealand and their principal business is the investment of money or, in the course of and for the purposes of business, they habitually invest money.

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

If at any time after investing in the Trusts you no longer satisfy the eligibility criteria, you must advise us and we may redeem your unit holding.

Overseas investors

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

As at the date of this PDS, no action has been taken to register or qualify the units or offer or otherwise permit the public offering of the units outside Australia or New Zealand. If you come into possession of this PDS outside Australia or New Zealand you should seek advice on and observe any such restrictions imposed by law. Any failure to comply with such restrictions may violate securities laws in that jurisdiction.

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

Applications and withdrawals

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

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

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

We may deduct from a withdrawal payment any amount owed under the constitution, including taxes. We may also redeem some or all of an investor's unit holding in the Trusts to satisfy any such amounts or if we form the opinion that the unit holding is prejudicial to the interests of other investors.

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

1. How the Trusts work

Business Days

Business Days are generally days on which banks are open for business in Sydney (except Saturday, Sunday and public or bank holidays or such other days as we determine from time to time). We have the discretion to declare any day to be a Business Day.

Income distributions

If you invest in the Trusts via an IDPS, please contact your IDPS operator for details of how to receive any income distributions from the Trusts.

Our policy is to distribute the net taxable income of the Trusts to investors each year (including net capital gains and any net gains on currency management where applicable).

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

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

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

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

Unit pricing

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

The unit price will reflect the performance of the underlying assets, income earned, fees, expenses and taxes paid and payable. The performance of the underlying assets is influenced by movements in investment markets.

We usually calculate the unit price as at the end of each Business Day and use robust unit pricing policies to do this. Our unit pricing policy is available at www.mlc.com.au

If there is a unit pricing error that substantially impacts the Trusts' performance, an adjustment may be made. This will generally involve reprocessing affected transactions using the corrected unit price and/or by adjusting your account. The value of your investment could be increased or decreased as a result.

Transfers

If you invest directly in the Trusts, you may be able to transfer all or some of your unit holding in the Trusts to another eligible investor.

Investing in other MLC funds

The Trusts may access investment managers via other funds operated by MLC, via other managers' pooled investments and may also hold direct assets.

Unit holders' liability

The Trusts' underlying assets are owned by the Trustee on behalf of investors. The Trusts' constitutions limit unitholders' liability to their investment in the Trusts. However, we cannot give an absolute assurance that your liability to the Trusts or any creditor of the Trusts (for geared funds) is limited in all circumstances, as the issue has not been finally determined by a superior court.

2. Risks of managed investment schemes

Diversify to reduce volatility and other risks

Diversification is a sound way to reduce short-term volatility. It also helps you manage the risk of not being able to buy or sell assets when you want to.

The more you diversify the less impact any one investment can have on your portfolio.

One of the most effective ways of reducing volatility is to diversify across a range of 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 the investment options (in each Trust's PDS), we include a minimum time to invest. Investing for the minimum time or longer improves 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.

The main asset class risks and benefits are:

Debt securities (including cash)

When investing in debt securities, you're effectively lending money to businesses or governments.

Returns typically comprise interest and changes in the market value of the security.

Things to consider:

- There are different types of debt securities and these will have different returns and volatility. Cash is usually the least volatile type of debt.
- Debt securities denominated in foreign currencies will be exposed to exchange rate variations.
- The market value of a debt security may fall due to factors such as an increase to interest rates or concern about defaults on loans. This may result in a loss on your investment.
- Debt securities are usually included in a portfolio for their income and defensive characteristics.

Property securities

Investing in property securities will give your 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:

- Returns are driven by many factors including the economic environment in various countries.
- Australian property securities are dominated by only a few REITs and provide limited diversification.
- Investing outside Australia means you're exposed to exchange rate variations.

- Property securities may be volatile and are usually included in a portfolio for their income and growth characteristics.

Australian shares

This asset class consists of investments in companies listed on the Australian Securities Exchange (and other regulated exchanges).

Things to consider:

- The Australian share market has recently been dominated by a few industries such as Financials and Resources.
- Australian shares can be volatile and are usually included in a portfolio for their growth characteristics.
- Australian shares may provide dividend income and tax advantages through imputation (franking) credits.

Global shares

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

Things to consider:

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

2. Risks of managed investment schemes

Investment techniques

Investment managers, including MLC, use different investment techniques which can change the value of an investment. Investment techniques include:

Derivatives

Derivatives are a common tool used to enhance returns or manage risk.

They are contracts that have a value derived from an external reference (eg the level of a share price index).

There are many types of derivatives and they can be an invaluable tool for an investment manager.

However, they can incur significant losses.

MLC's Derivatives Policy, which outlines how we manage derivatives, is available on request.

Currency management

If an investment manager invests in assets in other countries, the value will be affected by the exchange rate.

Returns from global investments reflect movements in currency exchange rates (gains and losses), as well as movements in the value of the underlying securities.

Where desired, this can largely be managed through hedging the currency exposure back to Australian dollars.

Gearing

Gearing an investment through borrowing, or leverage by using derivatives, magnifies your exposure to the potential gains and losses and risks of an investment. As a result, you can expect larger fluctuations (both up and down) in the value of your investment (ie increased volatility), compared to the same investment which is not geared. And the less diversified the investment is across asset classes, investment managers and securities, the greater this potential volatility.

When asset values are rising by more than the costs of gearing, a geared investment will generally have a higher return than if it wasn't geared. However, in rising markets it can be easy to lose sight of the risk of a fall. Falling values are inevitable from time to time and in a geared investment they are accentuated because exposure to the assets is higher. If the fall is dramatic, there can be even more implications for geared investments.

For example, the lender requires the gearing level be maintained below a predetermined limit. If asset values fall dramatically, the gearing level may rise above the limit, forcing assets to be sold when values may be continuing to fall. In turn this could lead to more assets having to be sold and more losses realised.

Withdrawals (and applications) are likely to be suspended in such circumstances, preventing you from accessing your investments at a time when values continue to fall.

Although this is an extreme example, significant market falls have occurred in the past. Recovering from such falls can take many years and the geared investment's unit price may not return to its previous high.

Other circumstances (such as the lender requiring the loan to be repaid for other reasons) may also prevent a geared investment from being managed as planned, leading to losses.

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

Short-selling

Short-selling is used by an investment manager when it has a view that an asset's price will fall. The manager borrows the asset and sells it with the intention of buying it back at a lower price. If all goes to plan, a profit is made. However, if the price of the asset increases, then the loss could be significant.

2. Risks of managed investment schemes

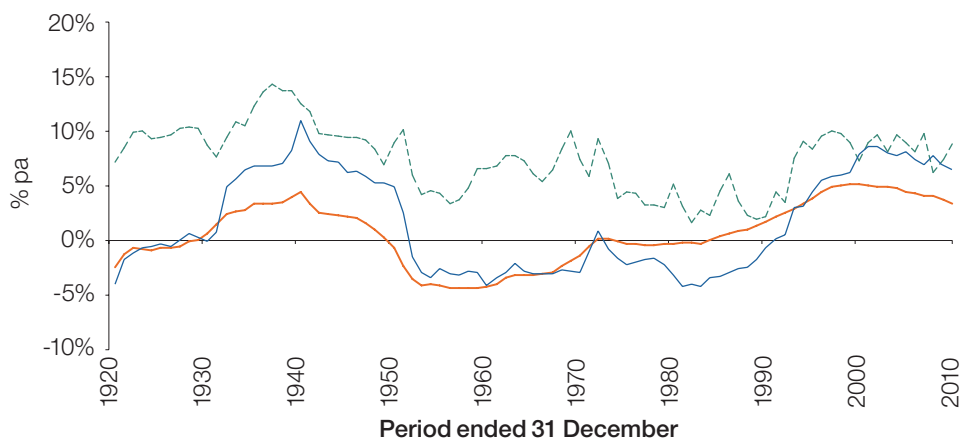
Investment risk

For MLC Wholesale Long-Term Absolute Return Portfolio, the extent of rises and falls is magnified beyond what's illustrated below, due to the impact of gearing.

As demonstrated in the graphs below, investments that have often produced higher returns over long periods can be volatile in the short term.

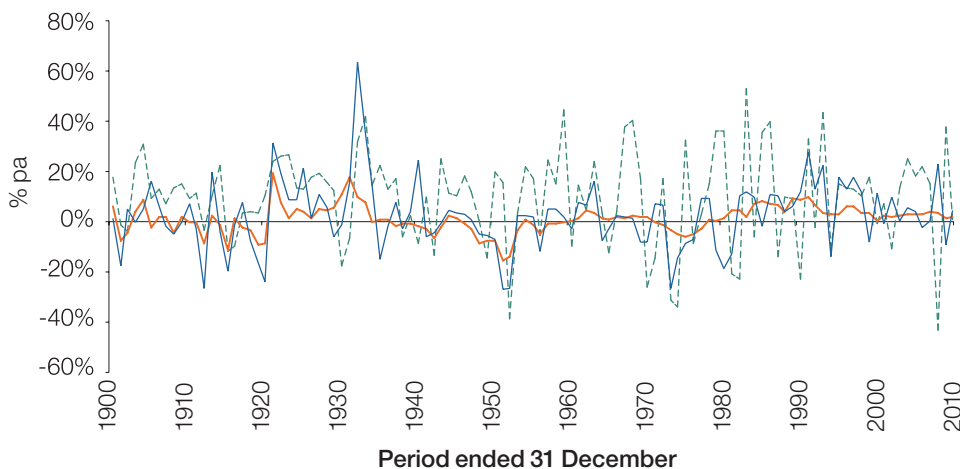
Investments that have often produced higher returns over long periods ...

Returns above inflation over 20 year periods (1920–2010)



...can be volatile in the short term.

Returns above inflation over 1 year periods (1900–2010)



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.

Graphs have been calculated by MLC using data presented in DMS Data Module offered through the Morningstar software program EnCorr. Based on copyrighted books by Dimson, Marsh, and Staunton, **Triumph of the Optimists**, Princeton University Press, © 2002, and **Global Investment Returns Yearbook 2003**, ABN AMRO/ London Business School, © 2003. All rights reserved. Used with permission.



3. How we invest your money

MLC's approach to investing

We design investment solutions to help investors achieve their goals while managing risk.

The four key aspects of our investment approach are:

1. Portfolio design

Our portfolios focus on what affects investor outcomes the most; asset allocation. We allocate money between asset classes based on the following beliefs:

- **Diversification matters.**

Asset classes perform differently in different circumstances, so we invest in many asset classes.

This helps us smooth the overall portfolio returns as we can offset the ups and downs of each asset class.

- **Investors should be rewarded for taking risk.**

Each asset class has its own return and risk characteristics.

This becomes more obvious when you look at performance over a long period of time.

We consider potential market scenarios to work out what combination of investments is likely to be rewarded.

This helps us prepare our portfolios for future market ups and downs.

- **Risks and returns vary through time.**

We have the flexibility to make adjustments to our portfolios to exploit swings in risk and return potential.

We base these adjustments on our three to seven year assessment of the market environment.

2. Managing the managers

We identify and combine some of the best investment managers in the world.

Reputation and past returns aren't reliable ways of identifying managers who will provide strong returns in the future.

That's why we research hundreds of investment managers from around the world to select the best ones for our portfolios.

We then combine them in our multi-manager portfolios so they complement each other.

You can find out about our current investment managers for the Trusts at www.mlcinvestmenttrust.com.au

3. Ongoing review

To make sure you have the best investment strategies, we continuously review our current and potential managers. And we actively research asset classes and seek new opportunities to reduce risk and increase returns.

4. Portfolio implementation

We deliver better returns by avoiding unnecessary costs. We do this by carefully managing cash flows and changes within our portfolios.

Each trust in the MLC Investment Trust uses the aspects of our approach to investing that are relevant to it.

Ethical investing

Investment managers may take into account labour standards, environmental, social or ethical considerations when making decisions to buy or sell investments.

At MLC, we expect our active investment managers to consider material effects these factors may have on the returns from their investments, however, we don't require them to. We don't expect our passive investment managers to consider these factors.

4. Fees and costs

The fees and costs outlined in the PDSs and this Guide are for the Trusts only.

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

This section shows the 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 Trusts' assets as a whole.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves into or out of the Trusts		
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.
Termination fee The fee to close your investment.	Nil	There is no termination fee.
Management costs¹		
The fees and costs for managing your investment.	Between 0.75% and 2.66% pa (including GST net of Reduced Input Tax Credit).	Management costs are calculated daily on the relevant Trust's total value and reflected in the daily unit price. They are paid from the assets of the relevant Trust and are not required to be paid by you separately. If you invest directly in the Trusts, you may be able to negotiate the management costs by contacting MLC.
Service fees		
Investment switching fee The fee for changing investment options.	Nil	There is no investment switching fee.

¹ See 'Additional explanation of fees and costs' below and in the PDSs for further details.

4. Fees and costs

Additional explanation of fees and costs

Management costs

If you invest directly in the Trusts, you may be able to negotiate the management costs by contacting MLC.

Any reduction in costs will be rebated periodically. We suggest that you consult your tax adviser in regard to the tax treatment of any fee rebates.

See 'Changes to fees and costs' in the relevant PDS for details of the maximum fees permitted.

Reimbursable expenses

We are entitled to be reimbursed from the Trusts for all costs and expenses incurred in acting as Trustee or in relation to the administration and management of the relevant Trust. The expenses may include, but are not limited to, audit fees, PDS preparation and printing costs and registry services.

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

Fund manager payments or product access payments

Fund manager payments or product access payments are commercial payments made by the Trustee to IDPS operators. These payments may be rebated to you or may be retained by the IDPS operator. How and when these payments are made vary between the Trustee and IDPS operators from time to time and are not additional costs to you. They are paid by the Trustee out of the management costs. If applicable, more specific details should be disclosed in the IDPS offer documents issued by IDPS operators.

At the time of issuing the PDSs and this Guide, legislation has been proposed by the Commonwealth Government to cease payments such as fund manager payments or product access payments from 1 July 2012. After this time we will cease making such payments if it is no longer permitted to do so.

Fees paid to NAB companies

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

Examples of such service providers include lenders, custody and registry operators and investment managers.

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

5. Keeping you informed

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

If you invest directly in the Trusts, we provide the following information to you:

Transaction confirmation	Confirms any investment, switch or withdrawal.
Monthly transaction statement	Provides a summary of transactions and investment details for the month.
Distribution statement	Provides details of the distributions paid.
Annual taxation statement	Provides details of the income and capital gains paid for the financial year.
Constitution	This information is available on request, free of charge.
Annual audited financial statement	
Performance history	
Unit pricing policy and exceptions register	
Derivatives policy	
Privacy policy	
Product Disclosure Statement updates	You can obtain a copy of the PDS on request free of charge. The PDS can be updated or replaced from time to time.



Contact details

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

If you invest directly in the Trusts, the Trusts' contact details are:

National Australia Bank Asset Servicing – Registry Services

(for transaction and unit holding related matters)

Telephone: 1300 761 354

Fax: 1300 365 601

Postal address

National Australia Bank
Asset Servicing – Registry Services
PO Box 1406
Melbourne VIC 3001

MLC Investments Limited

(for Trustee, investment and product related matters)

Telephone: (02) 9936 4577

Fax: (02) 9936 4500

Postal address

MLC Investment Trust
Level 4, 255 George Street
Sydney NSW 2000