

# IMPORTANT NOTICE

MLC MasterKey

Colonial First State Wholesale Income Fund - Freeze on Applications and Redemptions

With effect from 3pm Friday 24 October 2008 Colonial First State has frozen the assets of their Colonial First State Wholesale Income Fund (CFSWIF).

As the CFSWIF is an investment option on the MLC MasterKey platform, Colonial's action will impact investors in CFSWIF in the following products:

MasterKey Super  
MasterKey Super Fundamentals  
MasterKey Superannuation (Gold Star)  
MasterKey Business Super (including MasterKey Personal Super)  
MasterKey Pension  
MasterKey Pension Fundamentals  
MasterKey Allocated Pension  
MasterKey Term Allocated Pension  
MasterKey Investment Service  
MasterKey Investment Service Fundamentals

**In simple terms, Colonial First State's decision to freeze assets means that investors with balances in CFSWIF will not be able to invest, withdraw or switch into or from the fund.**

**Due to the timing of transactions between MLC and Colonial, transactions received by MLC after 3pm Thursday 23 October 2008 cannot be completed. We have identified the transactions impacted and will be seeking alternative instructions from investors (or their financial advisers) in due course.**

For more information about Colonial First State's decision to freeze the fund, please contact Colonial directly.

No MLC funds have been frozen for redemptions and all are operating as normal.

The implications of the freeze in detail are as follows:

## **New Applications**

MLC will not accept new applications where the investment strategy includes CFSWIF.

Financial advisers and/or applicants will be contacted in regard to individual cases that cannot be accepted. Alternative investment strategy instructions will be sought.

## **Additional contributions/investments/rollovers**

MLC will not accept additional contributions/investments/rollovers which specifically request investment in CFSWIF. Financial advisers and/or customers will be contacted in regard to individual amounts that cannot be accepted.

Customers (or their financial advisers) who make additional investments to CFSWIF by way of Direct Debit will be contacted as a matter of priority to obtain alternative instructions regarding their investment strategy. Until an alternative investment strategy is provided to MLC, Direct Debit arrangements will continue and the investment strategy will be altered to redirect the CFSWIF component of a contribution to the MLC Cash Fund.

### **Pension and Regular Withdrawal Facility (RWF) payments**

Importantly, MLC will continue to make these payments as scheduled.

However, the freeze on redemptions means that pension and RWF payments cannot be made from CFSWIF. If a customer's current drawdown arrangement includes CFSWIF, MLC will be seeking instructions from the customer (or their financial adviser) regarding an alternative drawdown arrangement.

Until an alternative drawdown arrangement is provided to MLC, the following arrangements will be implemented to ensure pension and RWF payments from accounts which include CFSWIF are not disrupted:

MasterKey Allocated Pension MasterKey Term Allocated Pension	A drawdown arrangement nominated that would ordinarily seek to draw funds from the CFSWIF option will be changed to draw from the next nominated investment option. A pro-rata arrangement nominated will be changed to become a drawdown arrangement where the investment options selected will be in order of balance from highest to lowest (excluding CFSWIF).
MasterKey Pension MasterKey Pension Fundamentals	Pension payments that would ordinarily seek to draw funds from the CFSWIF option will be drawn from the investment option with the highest balance (excluding CFSWIF).
MasterKey Investment Service MasterKey Investment Service Fundamentals	RWF payments that would ordinarily seek to draw funds from the CFSWIF option will be drawn from the investment option with the highest balance (excluding CFSWIF).

### **Withdrawals**

Full Account Withdrawal	Where an account includes CFSWIF, a full withdrawal request will be treated as a part withdrawal and only the balance of non-CFSWIF investment options will be paid. The account will remain open with the remaining CFSWIF balance.
Part Withdrawal	A part withdrawal payment can only be made from investment options other than CFSWIF. A specific request for part withdrawal from CFSWIF will not be processed and alternative instructions will be sought from the customer (or their financial adviser).
Transfer from Super to Pension	An existing holding in CFSWIF in MasterKey Super or MasterKey Super Fundamentals cannot be redeemed and transferred to MasterKey Pension or MasterKey Pension Fundamentals.

**Switches**

Requests to switch investments into or out of CFSWIF cannot be processed. Any future requests to switch to or from the fund will be returned to the originator and alternative instructions will be sought.

**Daily Unit Pricing & Account Balance**

Colonial First State has confirmed that they will continue to issue daily unit prices for the fund until further notice. Unit prices in respect of investments through MasterKey Investment Service and MasterKey Investment Service Fundamentals are therefore unaffected. Furthermore, MLC will continue to issue unit prices for super and pension products.