



## MLC Wholesale Horizon 1 Bond Portfolio

MLC0669AU **Author:** Ian Cannon **Published:** 24 Apr 2026

Data is provided by the manager at 30 Jun 2025, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

### Product Review

#### About this Product

Investment manager	MLC Asset Management Services Limited
Benchmark	42% Bloomberg AusBond Credit 0+ Year Index AUD / 30% Bloomberg AusBond Bank Bill Index AUD / 28% Bloomberg Global Aggregate Corporate TR Index (AUD Hedged)
Product structure	Managed Fund
Product size	\$31.24m
Inception date	Dec 2005
Asset class	Fixed Interest
Sector	Specialised Income
Peer group	Multi-Manager
Rated peers	1

#### Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	High
Key Person Risk	Low
Tenure of Decision Makers	Medium
Complex (RG240)	No
Strategy Remaining Capacity	Medium
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below Median

#### Annual Fees and Costs (% p.a.)

Management fees & costs	0.50
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.05/0.05
<b>Annual fees and costs</b>	<b>0.50</b>

Source: FE fundinfo, PDS Date: 30/Sep/2025

#### Strengths

- The Fund is managed by an experienced and well-led investment team.
- Breadth of resources and tools pertaining to manager research, asset allocation, performance analytics, governance and implementation teams.
- Robust and consistently applied investment process underpinning underlying manager selection and portfolio construction.
- Integration of the broader investment team is well-progressed to further enhance the Manager's investment capabilities.

#### Weaknesses

- The pending ownership approval to CC Capital is a watchpoint given its potential implications for the investment management business.
- Although processes are in place, using a related party creates the potential for conflicts of interest, which remains a watchpoint.
- The complexity of managing an extensive breadth of heritage products with varying objectives, although recent alignment of the asset class and trust structures has improved efficiency.

### Product Opinion

The Fund has maintained its **'Recommended'** rating. This rating reflects the high regard and conviction in the experience and calibre of the broader investment team and their ability to execute the investment process. The continued consolidation of the heritage businesses provides depth of expertise across the investment process.

The pending ownership approval to CC Capital is a watchpoint for the stability of the investment management business. Although processes are in place, using a related party creates the potential for conflicts of interest, which remains a watchpoint.

#### Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	—
ESG	●●●	—
Product	●●●	—
Fees	●●●	—
Performance	●●●	↑

#### Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

#### Return Profile

Income		
Capital		
	Defensive	Growth

### Key Facts

#### Key Objectives

Investment objective	The Fund aims to outperform the Benchmark (after fees) over two-year periods. The return is also expected to be higher than cash investments. At the same time, the Fund aims to preserve capital over one-year periods.
Internal return objective	To outperform cash by 0.5% p.a. to 1.0% p.a. (after fees).
Internal risk objective	None

#### Asset Allocation (%) (as at 31/12/2025)

Australian Fixed Interest	78.35
Global Fixed Interest	6.86
Alternative Assets	0.57
Cash	14.22
<b>Total</b>	<b>100.00</b>

Source: FE fundinfo

#### Rating History

01-May-2025	Recommended
13-Feb-2024	Recommended
21-Apr-2023	Investment Grade

#### Product Distribution Profile

Frequency	Quarterly
Last Missed Distribution	None
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	No

#### Top 10 Holdings (as at 31/12/2025)

	Weight (%)
IOOF INCOME TRUST CLASS C	78.330
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD 0.0% FEB-27	0.880
WESTPAC BANKING CORP 0.0% DEC-26	0.750
NATIONAL AUSTRALIA BANK LIMITED FRN 18/10/27 AUD200000REG S	0.710
FIDANTE PARTNERS SERVICES LTD	0.660
WESTPAC BANKING CORP SR UNSECURED 12/26 VAR	0.630
COMMONWEALTH BANK OF AUSTRALIA FRN 13/01/28 AUD250000 102	0.620
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD NAN% SEP-26	0.530
NATIONAL AUSTRALIA BANK LIMITED FRN 24/08/26 AUD1000REG S	0.510
NATIONAL AUSTRALIA BANK NATIONAL AUSTRALIA BANK	0.390

Source: FE fundinfo

#### Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

#### Performance Analysis - annualised after fees at 31/12/2025

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	5.54	-	5.93	-	6.07	-	3.09	-
Standard deviation	0.66	-	0.92	-	1.20	-	1.58	-
Excess return (% p.a)	0.67	-	1.34	-	1.00	-	1.74	-
Outperformance ratio (% p.a)	66.67	-	58.33	-	58.33	-	60.00	-
Worst drawdown (%)	0.00	-	-0.17	-	-0.17	-	-3.57	-
Time to recovery (mths)	-	-	1	-	1	-	9	-
Sharpe ratio	2.36	-	1.85	-	1.64	-	0.24	-
Information ratio	0.99	-	1.27	-	0.59	-	0.82	-
Tracking error (% p.a)	0.68	-	1.06	-	1.71	-	2.12	-

**Lonsec Peer Group:** Fixed Interest - Specialised Income - Multi-Manager

**Product Benchmark:** 42% Bloomberg AusBond Credit 0+ Year Index AUD / 30% Bloomberg AusBond Bank Bill Index AUD / 28% Bloomberg Global Aggregate Corporate TR Index (AUD Hedged)

**Cash Benchmark:** Bloomberg AusBond Bank Bill Index AUD

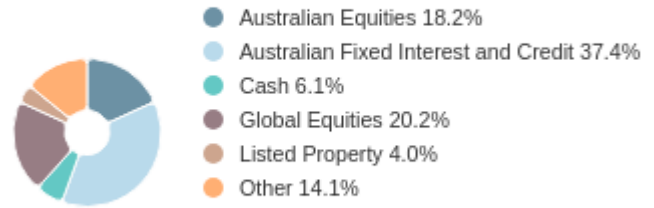
**Time to recovery:** NR - Not recovered, dash - No drawdown during period

### Business ●●●

#### Facts

Investment Manager	MLC Asset Management Services Limited
Ultimate Parent Company	Insignia Financial Limited
Headquarters	Melbourne
Inception Date	Apr 1992
% Staff Ownership	0-10%

#### AUM



#### Governance

% Independent board members	100
% Female board members	67
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

#### Metrics

Total AUM	\$224.60b
Investment Management Headcount	200
Investment Professionals	49
Sales & Service	50
Distributor	Internal

#### Who is the Manager?

The Manager is part of the Insignia Financial Group of companies, comprising Insignia Financial Ltd and its related bodies corporate ('Insignia Financial'), which is listed on the Australian Stock Exchange (ASX code: IFL). Insignia Financial is a leading provider of wealth management services, including superannuation, platform administration, and investment management. The Manager has a long history in multi-asset investing, with total funds under management and administration ('FUMA') of \$342.00b as of December 2025. Over recent years, the Manager has expanded its business through acquisitions and integration of the heritage IOOF, OnePath and MLC multi-manager businesses. In July 2025, CC Capital entered into a Scheme Implementation Deed to acquire the issued shares of Insignia Financial, subject to relevant regulatory approvals, which are expected to be finalised in H1 2026.

## Lonsec Opinion

#### Profitability

The Manager is a leading Australian wealth management service provider and one of the largest multi-asset managers in Australia. The Manager is a large, profitable and well-capitalised business and is in a strong financial position at these levels of AUM with consistent profitability in recent times. The Manager also has a diversified asset base with a broad range of client types, which enhances the profitability profile. The profitability is expected to be supported by the impending CC Capital transaction, given the depth of resourcing available at the Parent Company level.

#### Business Track record

The Manager has a long and respected heritage in multi-asset investing, with a considerable track record in managing multi-asset, superannuation and passive strategies. The Manager has expanded its business through acquisitions and has demonstrated success in integrating the heritage IOOF, OnePath and MLC multi-manager companies in recent years, which is viewed positively. Although the transaction has not been finalised, there is a watch point on the potential organisational changes that may eventuate in future reviews.

#### Business Ownership

The Manager is wholly-owned by ASX-listed Insignia Financial Limited (ASX: IFL) with a market capitalisation of \$3.00b as of December 2025. At present, the senior members of the organisation own equity in the business, with the staff ownership estimated at 0-10%, which is relatively in line with other multi-asset peers. The business ownership structure is subject to change in future reviews, given the potential CC Capital transaction, which will culminate in private equity ownership with variability in holding periods.

#### Business Governance

The Manager has demonstrated multiple layers of compliance and risk monitoring, with oversight from multiple trustee boards, external board directors and separate audit committees. The Manager has not reported any regulatory findings in recent years. The governance structures across the heritage businesses continue to converge as the Manager undertakes the responsible entity consolidation process, albeit with some idiosyncrasies across each respective business.

### Team ●●●

#### Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Oswaldo Acosta	Portfolio Management	No	2016	25/9	25
Mark Nordio	Portfolio Management	No	2019	32/7	32
Daniel Farmer	CIO	No	2013	29/15	29

#### KDM Change\*

No changes.

\* Last 3 years

#### Profile

Size	2
Structure	Decentralised
Turnover	Medium

#### Alignment

KDM equity held in manager	No
KDM co-investment in strategy	No
Performance-Based bonus	Yes
Long term incentive plan	No

#### Resources

	Number	Average Years Experience
Key decision makers	3	29
Portfolio Managers	23	25
Hybrid portfolio manager/analysts	-	-
Dedicated analysts	11	14
Dedicated dealers	5	19
Quantitative	-	-
ESG/Sustainability	1	29
Macro	-	-
Investment Specialists	6	22

#### Who is the Team?

The Fixed Income Team is overseen by Oswaldo Acosta and Mark Nordio, who are ultimately responsible for the management of the Fund. They are supported by the broader MLC Asset Management Investment Team ('Investment Team'), which consists of 50 members in total, with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions.

Acosta and Nordio are responsible for asset allocation across all portfolios and are supported by the Sector Portfolio Management team for sector-specific manager research, the Derivatives team and the Investment Portfolio Analytics team. The investment team is also able to leverage the asset consultant capabilities of JANA in its research function.

The MLC Investment Committee ('MLC IC' or 'IC') is responsible for overseeing and approving all investment decisions in the Fund, including inclusions and exclusions of underlying managers. The MLC IC comprises two non-executive members, six executives, and one executive chair, with CIO Dan Farmer being one of the IC members.

## Lonsec Opinion

### Skill

Acosta is a capable investor with a track record of multi-manager portfolio management throughout the investment cycle. Nordio is a seasoned investor and acts as the primary backup PM with substantial industry experience. Furthermore, Acosta and Nordio are supported by the broader team and asset consultant, with all investment proposals requiring approval from the respective investment committees across the MLC and IOOF heritage businesses. The senior team members, including Farmer, are highly experienced with the appropriate skillset to manage the multi-asset and single-sector portfolios.

There are meaningful synergies realised from the breadth of resources and significant collective industry experience of the combined businesses. The broader investment team has depth of expertise within investment management, asset allocation and risk management capabilities.

### Team Size

The fixed income team is relatively small and solely comprises Acosta and Nordio. The wider investment team is well-resourced and is considered one of the largest teams compared to single-sector, multi-manager peers. The team resourcing benefits from the conglomeration of resourcing across the heritage IOOF, OnePath and MLC businesses. The investment team also leverages the research capabilities of its asset consultant JANA, which enhances the team's resourcing and supports the broader research offering. The investment team continues to experience some residual turnover, albeit this is markedly lower than in previous years.

### Track Record/Co-Tenure

The senior members have long co-tenures at their respective heritage businesses. Although the co-tenure of the combined investment team continues to develop following the acquisition, the team's integration is well-progressed with continued stability. Moreover, the combined heritage businesses can leverage the large scale and resources available to the investment team. There is a watch point on the co-tenure and track record in future reviews, given the impending CC Capital takeover, which has the propensity to increase organisational uncertainty.

The IC members have remained largely the same through the consolidation process and have a long co-tenure. There is the potential for some changes given the Responsible Entity consolidation process moving forward.

### Alignment

The alignment of interest with investors is considered to be stronger than that of peers. The majority of the remuneration is directly linked to the three-to-five-year performance of the multi-manager range of funds, with a deferral component that promotes further alignment across the team. The broader Insignia organisation represents a fully aligned remuneration structure across the different businesses, albeit with a watchpoint on the remuneration structure, given the potential corporate actions with the Parent Company.

### Key Person Risk

Key Person Risk ('KPR') is considered to be low and centred primarily on the key decision makers due to their extensive experience and leadership of investment strategies, and tenure within the broader organisation. Positively, the risk is partially mitigated by the team-based decision-making approach, extensive resources and the use of the deeply resourced asset consultant capabilities.

#### What is the Investment Process?

The Fund is a single-sector, multi-manager product emphasising manager skill and quality within the portfolio. The portfolio provides a highly diversified exposure to domestic and global short-duration credit, global sub investment grade credit and cash-enhanced building blocks. The Manager constructs portfolios with the belief that active manager selection via qualitative and quantitative analysis will generate long-term outperformance. The Manager internally evaluates fundamental factors with the aim of adding value to Benchmark returns.

The Sector Portfolio Management team constructs the asset classes predominantly using external managers. External managers are sourced using external databases, market contacts and advice from the asset consultant. The internal team undertakes its manager's research but has the asset consultant's input.

Investment governance is enacted through the IC, which oversees all major aspects of the investment process. IC approval is required at key points, such as external manager changes.

The Fund's investment guidelines and risk limits ensure the portfolio maintains appropriate diversification. The managers are selected based on their contribution to the pre-defined active risk in conjunction with their alpha generation potential.

### Lonsec Opinion & Supporting Facts

#### Philosophy and Universe

Investment Style	Multi-Manager, Single Sector
Sector Exposure	Active
Available Universe	Actively Managed Funds (Fixed Income Multi-Manager Products - Australian IG Credit, Global Multi-Sector Credit, Securitised Credit, IG Credit, High Yield, Inflation Linked Bonds, Emerging Market Debt, and Cash)

The fully diversified investment approach of combining high-quality active managers to provide optimal returns in the long term, lower active risk management to lower costs and active risk in certain asset classes, fully reflects the philosophy and risk and return objectives. The single-sector strategies aim to deliver a repeatable investment portfolio that generates superior risk-adjusted returns over the longer term.

The Manager believes in a style-neutral approach that amplifies exposure to the manager's skill and quality at the aggregate level. In doing so, the Manager maintains discretion in managing factors such as credit and duration based on market outlook and in managing risk positions. The objective is to create a diversified set of return drivers across various credit building blocks spanning domestic and global short-duration as well as global sub investment grade credit.

The philosophy is predicated on the belief that active managers can outperform sector benchmarks and that in-depth research can enhance alpha generation. The research efforts leverage the broader organisation's substantial scale and blend both quantitative and qualitative research to deliver alpha through the cycle.

#### Research Process

Idea generation	Investment Team, Asset Consultants, Economic Research and Third-Party Resourcing
Annual manager meetings	200
Managers actively tracked	40
External consultant	JANA

The Manager implements a robust and consistently applied research process underpinning manager selection and portfolio construction functions. The Manager internally evaluates traditional fundamental factors such as macroeconomic, credit and policy considerations when setting the risk profile. The external manager research process, which considers both quantitative and qualitative factors, is detailed and transparent. The process leverages the investment team's scale and combined heritage businesses. The process aims to create a narrow universe of managers who have been stringently filtered for their suitability.

There is an ongoing flow of ideas from the individual sector specialists who are responsible for constructing the portfolio, portfolio managers and the Manager's consultant, JANA. The underlying funds have undergone multiple layers of oversight from the investment team and asset consultants, with the IC ultimately approving the manager inclusions. The depth and breadth of JANA's asset allocation capabilities and manager coverage are viewed positively. The Manager has access to sophisticated tools and systems to manage these multi-manager portfolios.

### Process (continued) ●●●

#### Portfolio Construction

Portfolio decision making	PM based
Typical security numbers	Not Applicable
Use of mandates	Yes
Use of alternatives	No
Allocation to related/affiliated exposure	Yes

The Fund is constructed via active manager selection while maintaining meaningful active security and sector positioning. The active risk and return targets are set, and managers are selected and blended to fill the risk budget, with each manager's contribution to risk being commensurate with their expected contribution to the alpha target. In addition, the Manager uses derivatives to supplement the process as an exposure and risk management tool, with encouraging results. The foreign currency exposures are largely hedged back to Australian dollars.

The underlying managers are typically accessed via separately managed accounts, enabling the Manager to tailor mandates to its requirements. In addition, this structure can facilitate tighter portfolio construction, efficient implementation, better product design control, better pricing opportunity and enhanced tax efficiency for investors.

The Manager has displayed buy/sell discipline in manager selection, where funds have undergone a rigorous review process by the MLC and JANA investment teams and have received approval from the IC. The underlying manager mix currently incorporates related-party managers. The use of related-party capabilities may potentially compromise objectivity in the decision-making process, although the Manager has demonstrated the willingness to terminate related-party capabilities where warranted.

#### Capacity Management

The Manager represents one of the largest asset management firms in the Australian market with a large AUM base in the global fixed income asset class. As such, there is the potential for enhanced capacity considerations in particular asset classes, given the Manager's scale. The Fund provides a diversified global fixed income exposure, which helps manage capacity considerations.

#### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Monthly
Primary risk management system	FactSet and Barra
Security / issuer limit (min./max)	5% (For Non-Government Securities)
Sector / segment limits (min./max)	Duration (+/-1 Years against Benchmark) and Sub-IG Credit (10% Soft Limit)
Max illiquid	20% (Maximum)
Cash Allocation (Typical, Max.)	Not Specified

The structure of the risk management functions is well embedded within the investment process. Although the process is continually evolving, given the broader organisational consolidation, the Manager has integrated compliance systems that enable ongoing monitoring of underlying mandates to be implemented to ensure compliance with predefined guidelines. The Manager closely monitors manager portfolios and weightings daily and investigates any excess return outliers exceeding the 99% confidence level, which adds rigour.

The monitoring and compliance functions conducted by separate teams are considered to be thorough and at the higher end of the peer group. The Fund's investment guidelines, well-defined asset class ranges and limits are well-suited to ensuring the portfolio maintains appropriate diversification.

The Fund may use interest rate derivatives for pure risk management purposes and is not designed to generate alpha.

### Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	Low Carbon or Climate
Non-financial objective	None

### What is the Manager's ESG approach for this product?

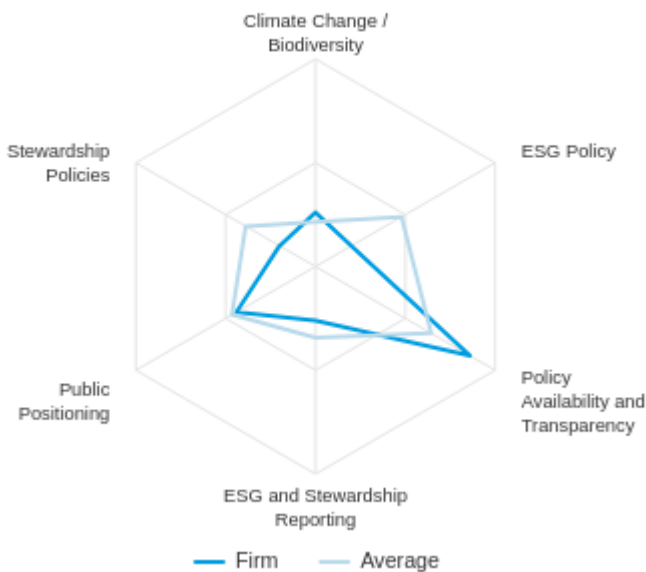
The Manager has indicated that its Responsible Investment style is 'ESG Integration' and as such Environmental, Social and Governance factors are considered when assessing investment opportunities. With a primary ESG style of 'Risk or Value' Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG companies may be included if the return potential is sufficient and this may conflict with some clients' perception of what a strong ESG process would deliver.

## Lonsec Opinion & Supporting Facts

### Overview

ESG Process Score	ModLow
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

### ESG Snapshot



### Product Level Approach

The Manager uses ESG data in a size and style-appropriate manner, with multiple providers accessed. There are no clear signs of robust ESG elements as a component of the Manager's research process. There are no clear links between ESG considerations and manager selection in the portfolio. While elements of ESG integration are undertaken in underlying asset classes, there is no clear ESG integration at the overall portfolio level. The Manager provides little evidence of a structured engagement prioritisation process, albeit with appropriate engagement tracking and storage. The Manager provides adequate transparency and portfolio oversight for investors.

### Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required, thus, the product's risk of misalignment has been assessed as N/A.

### Manager Level Approach

The Manager demonstrates a commitment to ESG integration, supported by a public policy framework. The Responsible Investment policy and related disclosures are relatively high-level, with limited detail on how ESG considerations are applied in manager selection. Proxy voting is generic, and expectations around ESG or shareholder resolutions are not clearly articulated; voting activity is disclosed without detailed rationales. Engagement is briefly addressed in the Responsible Investment policy, with no articulated objectives, priority themes, or formal escalation process. Climate change is referenced as a relevant risk within ESG assessments and due diligence, and there is some recognition of transition considerations, though formal targets or detailed commitments are limited.

### Product ●●●

#### Service Providers

Responsible entity	MLC Investments Limited
Investment manager	MLC Asset Management Services Limited
Sub-investment manager	N/A
Custodian	BNP Paribas
Administrator	MLC
Fund Auditor	KPMG
Change in Key Providers? (Over last 12 months )	Yes

#### Product Details

Product size	\$31.24m
Fund 12-month net flows	Negative
Distribution model	Internal
Buy/sell spreads	0.05/0.05
Net transaction costs	0.00
Product type	Registered Managed Investment Scheme (Unitised)
Use of derivatives	Yes
Currency hedged	Fully
Types of derivatives	Forwards, Futures and Swaps

#### What is the Product Structure?

The Fund is a multi-manager, single-sector unit fund that provides exposure to a diversified range of fixed income, credit securities via several underlying managers. The Fund is a registered managed investment scheme ('MIS') for which MLC Asset Management Services Limited is the responsible entity (the 'RE'), a related entity. The RE is responsible for operating and managing the MIS, holds an AFSL and as such is required to comply with its AFSL and RE obligations as outlined under the Corporations Act.

### Lonsec Opinion

#### Service Providers

The Manager uses institutional-grade service providers. The RE has built experience in operating and managing a number of schemes over an extended period of time and is expected to have a governance framework in place to deal with any perceived conflicts of interest.

#### Operational 'Red Flags'

Given the Fund's typical investment universe of fixed income securities, the investment strategy is not operationally challenging to implement. The Fund has an allocation to credit and high-yield securities that may exhibit lower liquidity during stressed markets. There have been no regulatory findings lodged over the previous 12 months.

#### Wind-up Risks

At the current fund size, there may be a perceived level of wind-up risk, although its investments are made via larger underlying pooled vehicles, meaning its effective scale and liquidity are driven by those pools rather than the Fund's nominal size.

### Fees ●●●

#### Annual Fees and Costs (% p.a.)

Management fees & costs	0.50
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.05/0.05
<b>Annual fees and costs</b>	<b>0.50</b>

Source: FE fundinfo, PDS Date: 30/Sep/2025

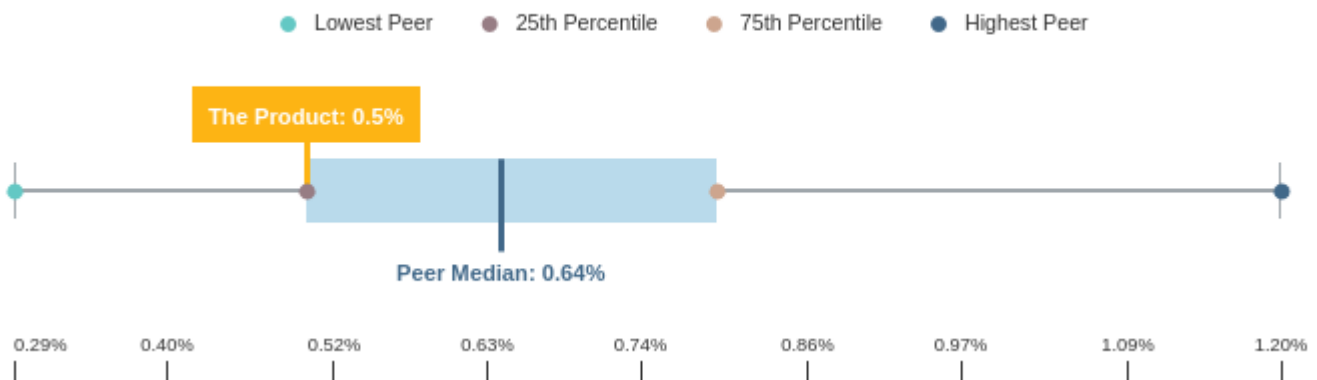
#### Performance Fees

Applicable	No
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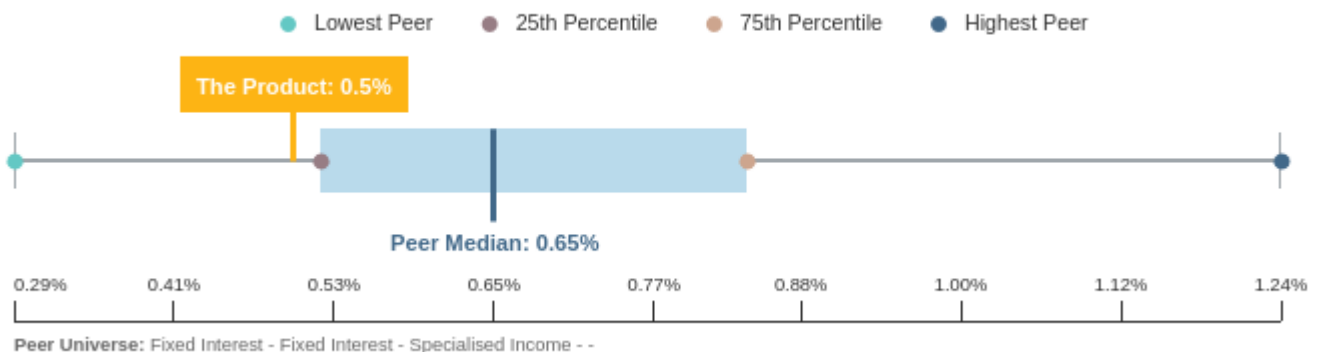
#### Fees Explained

The Fund applies a flat management fee, with net transaction costs and a bid/offer spread applied. No performance fees are applied by the Fund directly, although the Fund has the ability to pass on performance fees charged by underlying managers.

#### Management Fees and Costs Peer Comparison



#### Annual Fees and Costs Peer Comparison



## Lonsec Opinion

#### Annual Fees and Costs

The Fund's management fee load is lower relative to the broader peer group median. The peer group represents the whole universe of active Specialised Income managers, which reduces comparability.

#### Fairness

The Fund represents a relatively standalone exposure, given that its available universe solely comprises credit managers. The Fund's fairness is considered to be higher, as it represents a lower fee load whilst accessing a highly diversified credit portfolio that comprises various sub-asset classes and highly active managers. The Fund's investment objectives target a relatively lower level of alpha on an after-fees basis, which is lower than peers.

### Performance ●●●

#### Performance Summary

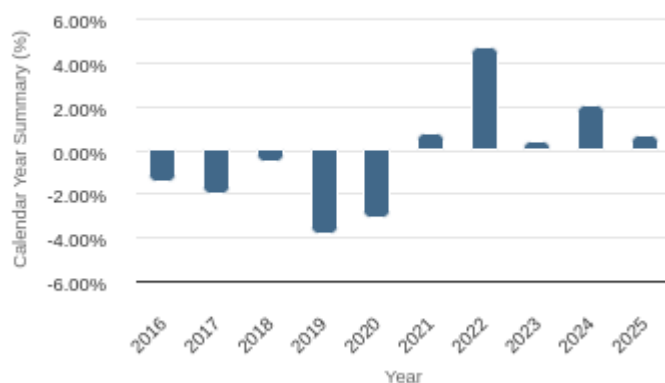
PDS return objective	The Fund aims to outperform the Benchmark (after fees) over two-year periods. The return is also expected to be higher than cash investments. At the same time, the Fund aims to preserve capital over one-year periods.
Internal return objective	To outperform cash by 0.5% p.a. to 1.0% p.a. (after fees)
Internal risk objective	N/A
Product benchmark	42% Bloomberg AusBond Credit 0+ Year Index AUD / 30% Bloomberg AusBond Bank Bill Index AUD / 28% Bloomberg Global Aggregate Corporate TR Index (AUD Hedged)
Lonsec peer group	Multi-Manager

#### Alpha Generation

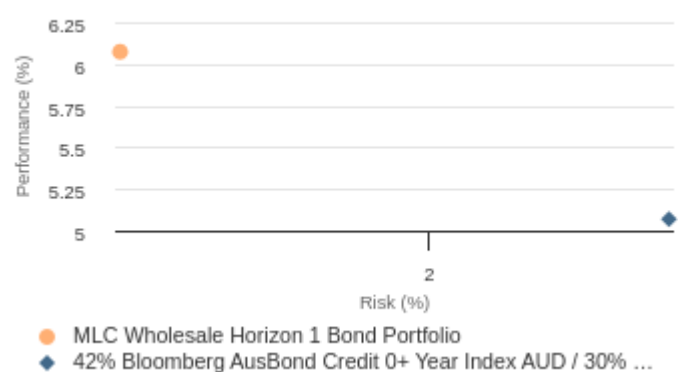
The Fund does not have a suitable number of direct multi-manager peers, so performance is compared against the Manager's investment objectives. The Fund uses a Composite Benchmark of 42% Bloomberg AusBond Credit 0+ Year Index AUD, 30% Bloomberg AusBond Bank Bill Index and 28% Bloomberg Global Corporate TR Index (AUD Hedged).

The Fund has exhibited a high level of alpha generation, with outperformance relative to its Composite Benchmark supporting the achievement of both PDS and internal investment objectives. The Fund's performance has been underpinned by historically tight credit spreads and driven by effective duration management and positioning across credit sectors, with all underlying managers, excluding Bentham, generating excess returns over the current reporting period.

Calendar Year Excess Return



3 Year Risk and Return

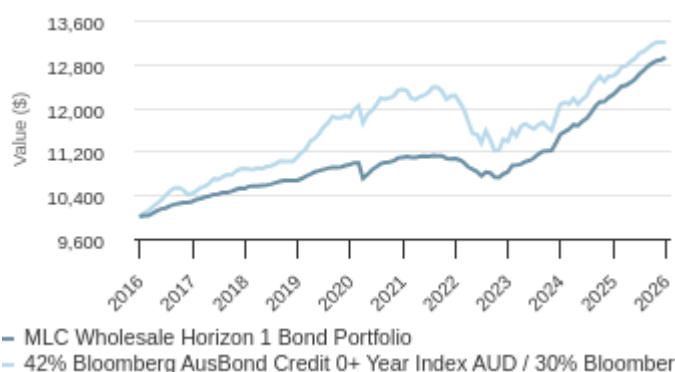


#### Alpha Consistency

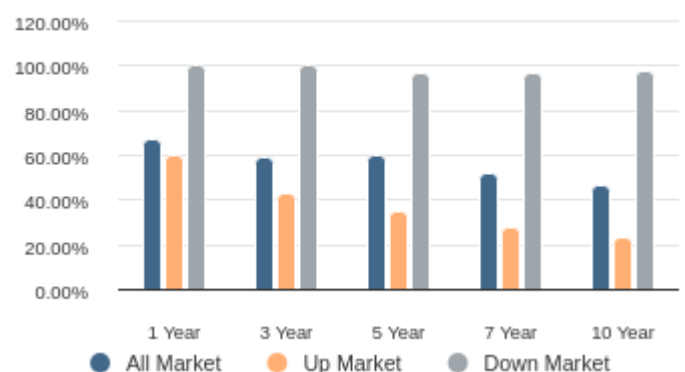
The Fund's alpha consistency has been moderate. While the Fund has achieved its investment objectives and has outperformed its Composite Benchmark consistently in recent years, outperformance has been more variable over time. Performance is strong relative to other credit offerings in the broader Specialised Income space.

The Growth of \$10K Chart underscores the moderate consistency of returns, with Fund growth generally below the Composite Benchmark. The Fund's alpha consistency has been driven by a supportive macroeconomic environment and diversified return drivers that capitalise on the wider dispersion of returns in markets.

Growth of \$10,000 Over 10 Years



Returns Consistency



### Performance (continued) ●●●

#### Benchmark Relativity

The Fund's rolling three-year tracking error has been moderate over time, albeit there is no tracking error objective. Although the Fund's rolling three-year information ratio has been negative in the past, outperformance against its Composite Benchmark has seen an improvement in the metric, suggesting a positive reward for activeness given interest rate movements have been more subdued. The Fund's information ratio has been driven by the continued outperformance given the lower active risk.

3 Year Rolling Tracking Error Over 10 Years



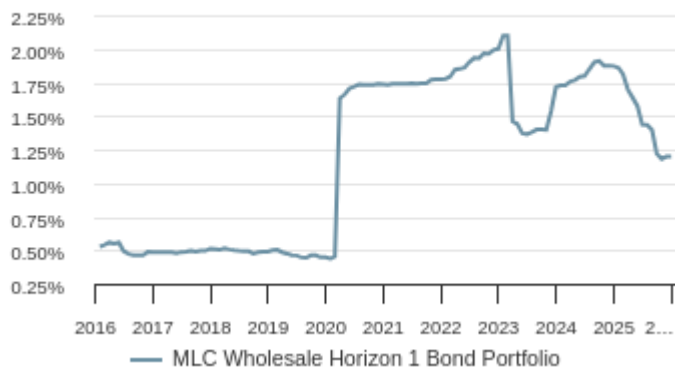
3 Year Rolling Information Ratio Over 10 Years



#### Return Volatility

The Fund's rolling three-year volatility has been low in absolute terms, which is in line with the broader asset class. The Fund's rolling three-year Sharpe ratio has been strong recently, albeit with muted long-term numbers. The recent improvement to risk-adjusted returns has largely stemmed from credit spread compression within credit markets over the previous reviews.

3 Year Rolling Standard Deviation Over 10 Years



3 Year Rolling Sharpe Over 10 Years



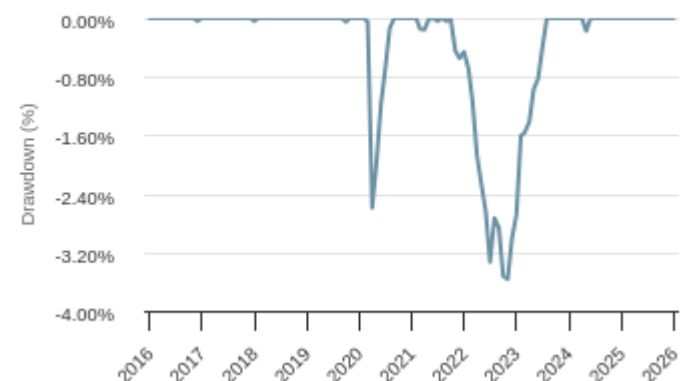
#### Product Defensiveness

The Fund has experienced small drawdowns in recent years, although long-term numbers have been higher relative to other fixed income strategies. The underlying exposures comprise credit managers, which are expected to have higher levels of drawdowns in periods of market stress. Relative to its Composite Benchmark, the Fund has demonstrated enhanced defensive characteristics. The market capture ratio observed over 2025 is due to the Fund generating positive returns in months where the Benchmark turned negative, which has led to a distorted short-term outcome in the chart below.

Market Capture Ratio



Drawdowns



## Ratings

'**Highly Recommended**' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'**Investment Grade**' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.

'**Not -Approved**' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'**Closed / Wind Up**' status is applied when the product has been closed.

'**Fund Watch**' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The '**Screened Out**' rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'**Discontinued Review**' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The '**Ceased Coverage**' status is applied when a rated product is withdrawn from the research process by the product issuer.

## General

**Climate Change / Biodiversity:** the extent to which a manager has a leading climate and biodiversity policies.

**ESG and Stewardship Reporting:** the transparency, accessibility and usefulness of a manager's reporting.

**ESG Policy:** the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

**Excess return:** Return in excess of the benchmark return.

**Information ratio:** Relative reward for relative risk taken (Excess Returns / Tracking Error).

**Key decision maker (KDM):** A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

**Market capture ratio:** A product's performance during either 'up' or 'down' market trends relative to an index.

**Policy Availability / Transparency:** the ease of public access to, and transparency of, a manager's overall ESG policy suite.

**Public Positioning:** the resolve of a manager's commitment to ESG as ascertained by their public positioning.

**Returns consistency:** The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

**Sharpe ratio:** Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

**Standard deviation:** Volatility of monthly Absolute Returns.

**Stewardship Policies:** the strength of a manager's proxy voting and engagement policies with respect to ESG.

**Time to recovery:** The number of months taken to recover the Worst Drawdown.

**Total return:** 'Top line' actual return, after fees.

**Tracking error:** Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

**Worst drawdown:** The worst cumulative loss ('peak to trough') experienced over the period assessed.

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## Lonsec Research FSG Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

### 1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

### 1.2 About Lonsec Research and its related parties

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- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

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## Lonsec Research FSG (continued)

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#### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000

Tel: 1300 826 395

Email: [complaints@lonsec.com.au](mailto:complaints@lonsec.com.au)

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Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

#### Mail:

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne, Victoria, 3001.

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