



Product Viewpoint

MLC Wholesale Horizon 1 Bond Portfolio

ISSUE DATE 21-04-2023

Key information

APIR CODE	MLC0669AU
STATUS	OPEN
ASSET CLASS	FIXED INTEREST
SECTOR	SPECIALISED INCOME
SUB SECTOR	MULTI-MANAGER
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	AIMS TO OUTPERFORM THE BENCHMARK, BEFORE FEES, OVER TWO YEAR PERIODS, RETURN HIGHER THAN CASH INVESTMENTS AND TO PRESERVE CAPITAL OVER ONE YEAR PERIODS.
FUND SIZE	\$36.84M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$20,000 / \$0
MINIMUM INVESTMENT BALANCE	-
DISTRIBUTION FREQUENCY	QUARTERLY

Fees & costs (% per annum)

MANAGEMENT FEES AND COSTS	0.55
PERFORMANCE FEE COSTS	0
NET TRANSACTION COSTS	0
NET OF BUY SPREAD / SELL SPREAD	0.1 / 0.1
ANNUAL FEES AND COSTS (PDS)	0.55

WHERE MANAGEMENT FEES & COSTS IS NULL "-" NO DATA HAS BEEN PROVIDED AND THE ANNUAL FEES & COSTS (PDS) CANNOT BE CALCULATED. REFER TO THE PDS FOR THE FEE INFORMATION.

Returns after fees (at 31-1-2024)

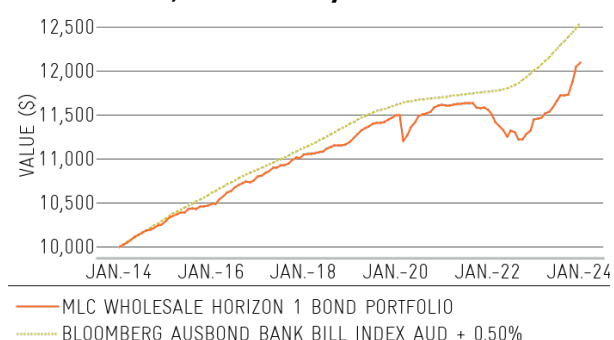
	1 YR	3 YR	5 YR	10 YR
TOTAL RETURN (% PA)	5.68	1.36	1.56	1.92
INCOME RETURN (% PA)	2.53	2.70	2.25	2.34
GROWTH RETURN (% PA)	3.16	-1.34	-0.69	-0.42
LONSEC BENCHMARK (% PA)	4.50	2.33	1.94	2.29
EXCESS RETURN (% PA)	1.19	-0.98	-0.38	-0.37

BENCHMARK USED: BLOOMBERG AUSBOND BANK BILL INDEX AUD + 0.50%

Asset allocation (at 31-12-2023)

	%ACTUAL	%MIN	%MAX	%TARGET
INTERNATIONAL EQUITIES	0.6	-	-	-
AUSTRALIAN FIXED INTEREST	84.2	-	-	-
GLOBAL FIXED INTEREST	6.8	-	-	-
OTHERS	2.5	-	-	-
CASH	5.9	-	-	-

Growth of \$10,000 over 10 years



What this Rating means

The 'Investment Grade' rating indicates that Lonsec has conviction the financial product can generate risk adjusted returns in line with relevant objectives. However, if applicable, Lonsec believes the financial product has fewer competitive advantages than its peers.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Fund's 'Investment Grade' rating at its latest review. The rating reflects the high regard and conviction for the experience and calibre of the broader investment team. Further, lead Portfolio Manager, Osvaldo Acosta is considered sufficiently skilled and experienced to manage the Trust effectively. The rating is also underpinned by Lonsec's positive view of the Fund's robust and repeatable investment process. The increased resourcing from the combined heritage IOOF, OnePath and MLC businesses, provides further depth of expertise within investment management, asset allocation and risk management.

Lonsec notes the utilisation of related party capabilities requires careful management of perceived conflicts. Lonsec seeks a performance track record under the current portfolio structure to build conviction in the strategy.

Strengths

- The Manager has a long heritage in multi-asset investing.
- Integration of the broader investment team has been progressing well to further enhance the Manager's investment capabilities.
- Increased breadth of resources and tools, in particular manager research, asset allocation, performance analytics, governance and implementation teams.

Weaknesses

- The utilisation of related party capabilities, e.g., Antares requires careful management of perceived conflicts.
- The Fund's benchmark performance is not readily available to investors diminishing transparency related to the Fund meeting its objective.

ANALYST: ISRIN KHOR | APPROVED BY: ROBBIE LEW

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Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY		●	
CREDIT RISK			●
FOREIGN CURRENCY EXPOSURE		●	
INTEREST RATE (DURATION) RISK		●	
LEVERAGE RISK	●		
REDEMPTION RISK		●	
SECURITY CONCENTRATION RISK		●	
SECURITY LIQUIDITY RISK		●	

Risk categories are based on Lonsec’s qualitative opinion of the risks inherent in the financial product’s asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ESG BiOmetric

LOW	MODERATE	HIGH
	●	

What is this Fund?

The MLC Horizon 1 Bond Portfolio (the ‘Fund’) is an active, multi-manager style, fixed income fund which has exposure to a wide range of Australian and global fixed income managers and enhanced cash managers and is designed to be 100% of the defensive component of a client’s portfolio. The Fund aims to outperform cash while producing short duration bond market-like volatility (circa 1-2% p.a.) and a very low probability (less than 5%) of a negative annual return. The Fund has a strong focus on capital preservation.

Using this Fund

Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of the Responsible Entity’s Design and Distribution Obligations for the Fund. Lonsec has collected the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
	●	●	●	●	

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Manager Profile

MLC Asset Management is one of Australia’s largest wealth managers offering a range of multi-asset and single-asset funds. MLC Asset Management includes a range of businesses and partners. In May 2021, the sale of MLC Wealth to Insignia Financial Ltd was completed. As of 31 December 2022, Insignia Financial had \$285.1bn in Funds Under Management and Administration.

Top 10 holdings (at 31-10-2023)

NAME	WEIGHT %
BENTHAM ASSET MANAGEMENT	0.5
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMIT	0.4
NATIONAL AUSTRALIA BANK LIMITED FRN 25/02/25	0.3
NATIONAL AUSTRALIA BANK LTD MTN REGS	0.3
AUSTRALIA AND NEW ZEALAND BANKING MTN REGS	0.2
MEDALLION TRUST SERIES 2023-2 2023-2 A FLOATI	0.2
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD NAN	0.2
NATIONAL AUSTRALIA BANK LIMITED FRN 25/11/25	0.2
WESTPAC BANKING CORPORATION FRN 20/05/25 AUD1	0.2
TORONTO-DOMINION BANK/THE REGS	0.2

SOURCE: FE FUNDINFO

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Glossary

[Click here for the glossary of terms.](#)

About Lonsec

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Analyst Disclosure and Certification

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