



Product Viewpoint

MLC Real Return Assertive

ISSUE DATE 06-02-2024

Key information

APIR CODE	MLC0667AU
STATUS	OPEN
ASSET CLASS	MULTI-ASSET
SECTOR	VARIABLE GROWTH ASSETS
SUB SECTOR	REAL RETURN
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	TO DELIVER A RETURN OF 4.5% P.A. ABOVE INFLATION (AFTER MANAGEMENT COSTS), SUBJECT TO LIMITING THE RISK OF NEGATIVE RETURNS OVER SEVEN YEAR PERIODS.
FUND SIZE	\$579.71M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$20,000 / \$0
MINIMUM INVESTMENT BALANCE	-
DISTRIBUTION FREQUENCY	ANNUAL

Fees & costs (% per annum)

MANAGEMENT FEES AND COSTS	1.01
PERFORMANCE FEE COSTS	0.03
NET TRANSACTION COSTS	0.04
NET OF BUY SPREAD / SELL SPREAD	0.1 / 0.1
ANNUAL FEES AND COSTS (PDS)	1.08

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)	7.73	5.87	5.91	5.94
INCOME RETURN (% PA)	2.17	4.21	4.63	5.31
GROWTH RETURN (% PA)	5.56	1.66	1.29	0.62
LONSEC BENCHMARK (% PA)	-	-	-	-
EXCESS RETURN (% PA)	-	-	-	-

BENCHMARK USED: CPI + 4.50%

Asset allocation (at 31-12-2023)

	%ACTUAL	%MIN	%MAX	%TARGET
AUSTRALIAN EQUITIES	15.5	-	-	-
INTERNATIONAL EQUITIES	34.3	-	-	-
AUSTRALIAN FIXED INTEREST	8.3	-	-	-
GLOBAL FIXED INTEREST	7.3	-	-	-
OTHERS	13.9	-	-	-
CASH	20.7	-	-	-

Growth of \$10,000 over 10 years



What this Rating means

The 'Recommended' rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Fund's 'Recommended' rating at its latest review. This rating is underpinned by the Manager's long heritage in multi-asset investing and the robust asset allocation framework developed by the Capital Markets Research (CMR) team and research process. Lonsec retains conviction in the high calibre investment team overseeing this important function. 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 that the Manager will require careful management of the perceived conflicts given the utilisation of related party capabilities. Although the Fund has not met its return target over most periods, downside risk has been carefully managed.

Strengths

- The Capital Markets Research robust asset allocation process is a key differentiator of the Fund within this peer group.
- 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.
- Active risk management approach that limits downside risk.

Weaknesses

- The utilisation of related party capabilities requires careful management of perceived conflicts.
- The Fund has not met its inflation plus return target over most periods.

Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY			●
FOREIGN CURRENCY EXPOSURE		●	
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.

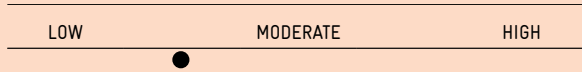
We strongly recommend that potential investors read the product disclosure statement Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior reports.

ANALYST: MIKE GRDOSIC | APPROVED BY: ROBBIE LEW

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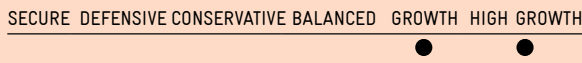
What is this Fund?

MLC Real Return Assertive (the 'Fund') is an active, multi-manager, unconstrained, real return strategy which has exposure to a wide range of asset classes including equities, fixed income, insurance related investments, private equity, inflation-linked bonds, infrastructure and high yield. The Fund does not have a fixed strategic asset allocation, instead adopting a flexible approach to asset allocation. The Fund aims to deliver a return of 4.5% p.a. above inflation, net of fees, subject to limiting the risk of negative returns over seven year periods.

Using this Fund

Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of its design and distribution arrangements 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



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 30 September 2023, Insignia Financial had \$293.1bn in Funds Under Management and Administration.

Top 10 holdings (at 31-12-2023)

NAME	WEIGHT %
CSL LIMITED (AUD)	1.3
MICROSOFT CORPORATION	1.3
APPLE INC.	0.8
BHP GROUP LIMITED	0.7
NATIONAL AUSTRALIA BANK LIMITED	0.7
NOVO NORDISK A/S-B (NOVS/DKK)	0.6
ALPHABET INC	0.6
MACQUARIE GROUP LIMITED	0.6
ADOBE INC.	0.5
SHIN-ETSU CHEMICAL CO., LTD.	0.4

SOURCE: FE FUNDINFO

Glossary

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

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

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