MLC Premium Model Portfolios

Portfolio Change Note

16th November 2026

What changes are we making?

NEW ASSET CLASS & STRATEGY TYPES

Global Private Equity
Global Systematic Equity
Contracted Margin

NEW MANAGER LINE-UP

5x new managers
2x managers retained*

NEW STRUCTURE

MLC Access Global Public & Private Equity Fund (Premium)

We are making several changes to the MLC Premium Model Portfolios. First, we are adding global private equity exposure, expanding the portfolios beyond listed markets. Second, we are restructuring selected global equity exposures and changing the manager line-up used to implement them. The combined change is designed to broaden diversification, introduce new return drivers and establish a more flexible, future-ready implementation structure.

Why are we making these changes?

The global equity exposure in the MLC Premium Model Portfolios has to date been implemented through a line-up of external active managers. While that approach has delivered diversified active exposure, it has also largely confined the portfolio to widely available options with ongoing cost reductions close to the limit of what can be extracted for investors through rebates and discounted unit classes alone. Therefore, our review of global equity exposure set out to answer a clear question: *Could we strengthen and broaden the portfolios' sources of excess return, reduce the overall costs and implement them more efficiently?* Working through that question led us through four connected steps:

- **Reassessing the manager line-up**: We reviewed each existing strategy on its own merits and as part of the overall manager combination, considering investment capability, style, risk, cost, capacity, operational strength and portfolio fit. That led us to retain selected capabilities where they continue to play an appropriate role, and to replace or reduce others where our assessment favoured an alternative
- **Extending into private markets**: The review also identified private equity as a complementary return driver that a listed-only portfolio cannot capture. A deliberately sized allocation expands the investable universe and introduces different ownership structures and sources of value creation, while remaining a smaller part of a predominantly liquid global equity exposure.
- **How do you implement it?** The type of private equity we would want to target cannot be held as a direct exposure within a managed account. It requires a custom approach to liquidity so that the portfolios can continue to transact and value daily. At the same time, holding a larger number of external funds directly makes future manager changes, rebalancing, cashflow management and currency hedging more complex and costly. Both requirements pointed to the same answer: a custom-built vehicle.
- **Converting turnover to opportunity**: Once a custom vehicle was required, the relevant existing holdings needed to be transitioned as well, because the managed account will hold the vehicle rather than each underlying strategy directly. Rather than simply replicate the existing line-up inside a new structure, we used that transition to reset the line-up of preferred managers. The vehicle provides access to institutional mandates and pricing, which helps fund the broader range of exposures, including private equity, while still reducing total portfolio costs and allowing the line-up to be managed more efficiently over time.

The resulting allocation approach is through the newly built MLC Access Global Public & Private Equity Fund (Premium), retains selected existing capabilities, replaces strategies where we prefer an alternative and introduces private equity. Through this, we have been able to increase manager diversification, enhance the global equity strategy, improve style and market diversification while reducing ongoing portfolio costs.

Which managers have we selected?

MLC Access Global Public & Private Equity Fund (Premium). The fund combines six differentiated listed-equity strategies with MLC's private equity program.

A direct allocation to the **Arrowstreet Global Equity Fund** is being maintained, at a reduced weight, outside the Access Fund.

Manager	Style and role	Why we selected it
Alphinity (Within Access Fund)	Active global large cap; quality and earnings leadership	A Sydney-based manager whose global equity process seeks quality companies entering a period of earnings upgrades, on the view that share prices ultimately follow earnings. The portfolio is concentrated, combining fundamental company research with a disciplined earnings-revision framework. We like its distinctive earnings-leadership approach, which complements the value-tilted and quantitative managers in the line-up.
Brown Advisory (Within Access Fund)	Active global large cap; quality growth	An independent, employee-owned investment firm. Its Global Leaders strategy holds a concentrated portfolio of market-leading businesses with durable competitive advantages, strong management and the ability to compound returns on capital over the long term. We like the team's disciplined focus on business quality and the strategy's role as a core quality-growth exposure within the line-up.
Life Cycle Investment Partners (Now within Access Fund)	Concentrated global equities; corporate life-cycle framework	A specialist manager applying a corporate life-cycle framework, classifying companies by their stage of development and assessing each against the drivers most relevant to that stage. The resulting portfolio is concentrated and style neutral. We like that this framework draws on different return drivers to traditional growth or value approaches, broadening the sources of stock-selection return in the portfolio.
Vaughan Nelson (Within Access Fund)	Global small and mid-cap; value bias	A Houston-based manager and Natixis Investment Managers affiliate with a long history in small and mid-cap investing. Its Global SMID strategy targets companies with undervalued assets, undervalued earnings growth or high and improving returns on capital. We like that it broadens market-cap exposure beyond large caps, while its value orientation balances the quality and growth biases of other managers in the line-up.

Manager	Style and role	Why we selected it
Arrowstreet Global Equity Fund (Directly Held)	Systematic global equities; multi-signal quantitative	A Boston-based, privately owned quantitative manager. Its investment process uses a broad set of forecasting signals, capturing both the direct characteristics of each stock and the indirect effects of linkages between related companies, industries and countries, with portfolio construction carefully balancing expected return, risk and trading costs. We like the breadth and ongoing evolution of its research, and that its signal set is differentiated from the factor approach used by Robeco, providing a complementary systematic source of active return.
Flag Asset Management (Within Access Fund)	Global equity index-plus; Contracted margin	Targets the return of the nominated global equity index plus a contracted margin. The return is generated through a high-quality credit portfolio combined with bank hedging arrangements, rather than through stock selection. We like that it adds a structured source of excess return that behaves very differently from stock-selection-based managers, further diversifying the line-up's return drivers
Robeco (Within Access Fund)	Systematic multi-factor active equities	A pioneer in quantitative investing. The strategy is customised for MLC and systematically ranks stocks using value, quality, momentum, analyst revisions and shorter-term signals, building a broadly diversified portfolio with active risk carefully managed against the index. We like its disciplined, repeatable process and that its return drivers differ from those of the fundamental managers, providing a diversified source of active return.
MLC Private Equity (Within Access Fund)	Global mid-market funds and co-investments	An established global private equity program investing since 1997, with investment teams in Australia and New York. The program commits capital to institutional mid-market funds run by specialist managers and co-invests directly alongside them in selected companies. We like the combination: fund commitments provide broad diversification across companies, sectors, regions and vintages, while co-investments add targeted exposure at materially lower fees. Managed account investors access the same program, on substantially similar terms, as MLC's wholesale and superannuation clients. Overall, structuring private equity exposure in this way offers a combination of exposure quality, demonstrated investment pedigree, fee point and liquidity that would be difficult, if not impossible, to match with an external manager allocation.

Additional details on each underlying fund are available in the *MLC Guide to Manager Selection,* which is located on the dedicated portfolio review microsite at https://www.mlcam.com.au/smaenhancements

Why are we adding private equity?

Private equity is a new, deliberately sized asset-class allocation. It provides access to businesses and ownership structures that are not fully represented in listed equity markets and is expected to complement, rather than replace, the portfolios' liquid global share exposure.

- **A broader investment universe**: Companies are remaining private for longer and can complete important growth milestones before being publicly listed, or without listing at all.
- **Diversification from listed markets**: Private equity broadens exposure across company sizes, industries, regions, managers and investment vintages at a time when listed global indices are increasingly concentrated.
- **Access to established mid-market businesses**: The program focuses primarily on global mid-market companies where specialist managers can influence strategy, operations and capital allocation.
- **Different sources of value creation**: Managers can support operational improvement, acquisitions, management development, strategic repositioning and exit planning.
- **Private equity funds**: Commitments to institutional funds run by selected specialist managers form the core of the allocation. They provide diversification across companies, industries, regions and investment vintages, and access to manager expertise that would be impractical to replicate directly. These relationships also create the pipeline for co-investment opportunities.
- **Direct co-investments**: MLC invests directly in selected companies alongside those managers, after assessing the business, valuation and value-creation plan. Co-investments add targeted exposure to the highest-conviction opportunities and generally carry materially lower fees than the main funds, helping keep the overall cost of the allocation within the portfolios' fee budget.

How will implementation via a new dedicated fund work?

The revised global equity exposure will be implemented through the MLC Access Global Public & Private Equity Fund (Premium). Advisers and clients will see the Access Fund as the holding within the managed account, while reporting will continue to provide transparency over the underlying managers and exposures outlined above.

The Access Fund is a custom-built registered managed investment scheme that brings the selected investment mandates together in one vehicle. It allows MLC to use its scale and manager relationships to access strategies that may not be readily available through retail funds or ETFs at the desired specifications and pricing points. It also allows manager changes, rebalancing, cashflows and currency hedging to be managed within the fund rather than through separate transactions across every managed account. Importantly, this structure also allows MLC to manage the liquidity constraints associated with unlisted private equity exposures.

The target private equity allocation is approximately 10% of the MLC Access Global Public & Private Equity Fund (Premium). We will build to that progressively as commitments are made and suitable opportunities are identified. Full deployment is likely within 12–18 months but could take up to 36 months to reach its target depending on market conditions. During this period, the fund will remain invested in its liquid listed global equity strategies.

The structure changes how the exposure is implemented, not MLC's investment philosophy or governance process. Asset allocation, manager research, portfolio construction, risk management and ongoing monitoring remain unchanged.

What is being replaced or reduced?

	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
MLC Access Global Public & Private Equity Fund (Premium)	+7.0%	+18.3%	+25.1%	+32.8%	+34.7%
Intermede Global Equities Fund	-1.0%	-3.0%	-4.0%	-5.0%	-5.0%
Polaris Global Equity Fund	-2.0%	-3.0%	-4.0%	-6.0%	-6.0%
Life Cycle Concentrated Global Share Fund*	-	-3.0%	-4.0%	-5.0%	-7.0%
Arrowstreet Global Equity Fund (Hedged)	-3.0%	-3.0%	-6.0%	-7.0%	-6.0%
Life Cycle Concentrated Global Share Fund* (Hedged)	-	-3.0%	-3.0%	-4.0%	-6.0%
Walter Scott Emerging Markets Fund	-	-1.0%	-1.0%	-2.0%	-2.0%
MLC Real Return Moderate	-1.0%	-2.3%	-	-	-
MLC Real Return Assertive	-	-	-3.1%	-3.8%	-2.7%

* Direct holdings of these funds are being sold down in favour of an exposure within the MLC Access Fund

Approximate portfolio change amounts: These are estimated changes to a client's portfolio only, based on model weights. Differences will arise because of platform timing, transaction prices, individual client investments and withdrawals, income distributions, platform fees, transaction costs and any client-specific portfolio exclusions.

What is the rationale behind the reductions and exits?

These changes reflect the outcomes of our manager review and the move to the new Access Fund structure. Redemption proceeds fund the MLC Access Global Public & Private Equity Fund (Premium) and its underlying range of listed equity and private equity exposures.

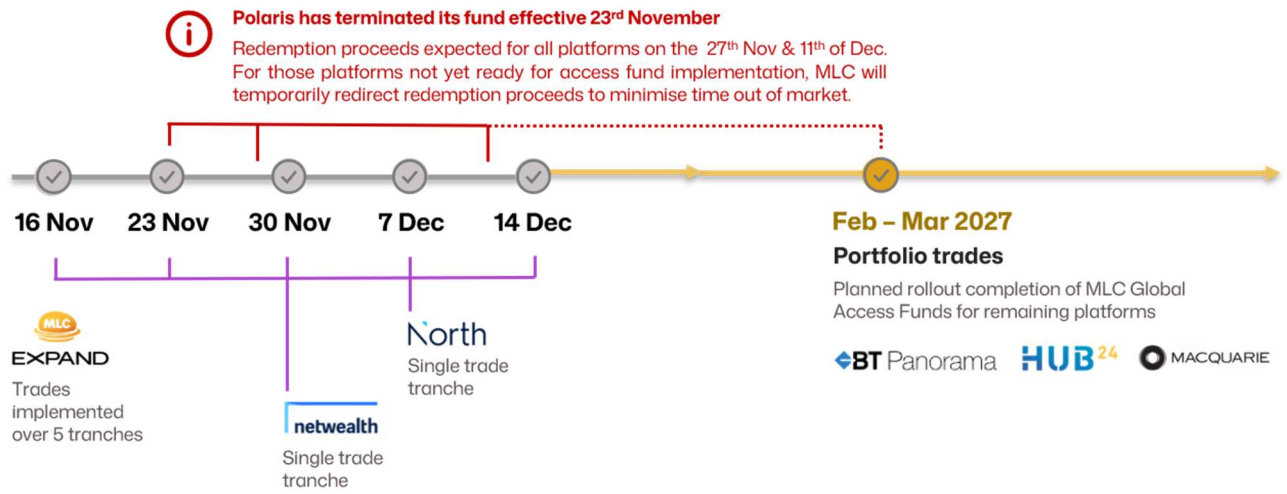
- **Intermede Global Equities Fund (exited)**: We have progressively reduced our allocation to this strategy over time as our conviction in the team and process was tested. Our ongoing monitoring focused on the consistency of delivered outcomes and the strategy's ability to effectively harness the global growth theme, particularly in a market increasingly led by technology-enabled, high-growth companies that sit outside traditional 'quality compounder' portfolios. Following this review, we have decided to move on from Intermede in favour of alternative manager options. The quality-growth exposure it provided is now delivered through Alphinity and Brown Advisory within the Access Fund, which together offer a more diversified combination of earnings-driven and quality-growth approaches.
- **Polaris Global Equity Fund (exited)**: Polaris has played a dual role in the portfolios since the inception of the MLC managed account program, providing a value-oriented, sustainable cash flows focus, alongside exposure to the global small and mid-cap space. That exposure has not been without its challenges, including a period of sustained underperformance, though a sizeable value style tilt within the fund explained much, but not all, of that performance drag. Moving forward, the new Access Fund allows our managed accounts to participate in MLC's institutional mandate with Vaughan Nelson, a manager with a clear mid and small cap exposure and value tilt. This complemented the dedicated small cap fund also added to portfolios, while incremental value exposure is also captured through the value signals within the two systematic managers. Combined with a fee point lower again than our existing Polaris rebate levels, and with Polaris's performance having recovered strongly over the past 12 months, lifting its 3- and 5-year returns along with it, we feel this provides an acceptable exit point for both shorter- and longer-term MLC managed account investors. Following MLC's planned redemptions, Macquarie Asset Management has also decided to wind up and terminate the fund. Details on how this is being managed for each platform are outlined in the timing section below.
- **Arrowstreet Global Equity Fund (Hedged) (reduced, retained directly)**: The underlying strategy continues to offer value from a portfolio construction perspective, and our conviction in the manager's ability to execute remains high. However, we were unable to secure the level of institutional pricing required to justify a switch to an Access Fund exposure. As such, we have maintained a reduced direct allocation, with the reduction helping to fund additional manager allocations within the Premium series Access Fund.
- **Life Cycle Concentrated Global Share Fund, hedged and unhedged (transitioned to the Access Fund)**: Our conviction in Life Cycle remains high and the strategy remains part of the manager line-up. Moving the exposure inside the Access Fund also allows us to secure the same strategy at a lower price point, with additional mandate flexibility and currency hedging managed at the fund level. As a relatively recent addition to the portfolios, the tax impact of transitioning these holdings is expected to be minimal for most clients.
- **Walter Scott Emerging Markets Fund (reduced)**: The holding is being reduced to help fund the Access Fund Global Public and Private Markets allocation and to bring the portfolios' overall emerging markets exposure into line with the revised global equity structure. The remaining emerging markets exposure will be addressed in the final MLC Access – Global Emerging Markets Fund addition in the new year
- **MLC Real Return Moderate and Assertive (reduced)**: As our current alternative assets' allocation, MLC Real Return also serves as a partial funding source for the private equity allocation. Each reduction is sized to broadly match the expected private equity exposure in that portfolio once fully deployed, at approximately 10% of the Access Fund holding. MLC Real Return Moderate is reduced in the Conservative 30 and Moderate 50 portfolios, and MLC Real Return Assertive in the Balanced 70, Growth 85 and High Growth 98 portfolios, consistent with the Real Return fund already held in each.

When do we expect the changes to take place?

There are several important factors to consider when implementing a change of this size, including potential fund and market impacts, platform transaction capabilities, time out of market and the readiness of each wrap platform to onboard the new funds.

Balancing these factors means that **a staged implementation approach is required**. The diagram below outlines the estimated trading tranches and timing windows for each platform.

Estimated trade timeline for the Premium Series Global Public & Private Market Fund



Polaris fund termination: Macquarie Asset management has made the decision to wind up and terminate the fund due to insufficient scale post MLC's planned redemptions. For Expand, Netwealth and North investors, we will incorporate the redemptions from this fund into the existing planned transactions.

For investors in the remaining platforms, we will temporarily redeploy the proceeds either into an existing global equity exposure or a low-cost passive exposure until such time as the access fund transactions can be processed (expecting February to March 27).

MLC will issue a separate portfolio trade note covering this once the proposed temporary portfolio positions have been finalised.

What is the expected impact on portfolio fees?

The Access Fund structure, together with MLC's scale and institutional manager pricing, has more than offset the costs of adding systematic, structured and global private equity exposure to the portfolios. As a result, these changes lead to **a marginal reduction** in total expected portfolio fees, estimated at between 0.01% and 0.08% on Netwealth and 0.01% and 0.04% p.a. on Expand and all other platforms, depending on the portfolio, as shown below.

Estimated change in total portfolio fees (p.a.)	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
Expand, AMP North, Hub24, BT Panorama, Macquarie Wrap	-0.01%	-0.02%	-0.03%	-0.04%	-0.04%
Netwealth	-0.01%	-0.04%	-0.06%	-0.08%	-0.08%

These changes form part of a broader program of portfolio changes across global equities and alternative assets, with a final emerging market trade still to come. The fee impact of that trade will be confirmed when it is implemented, though we expect further incremental prices drops across the portfolios once that too is complete

The larger cost reduction for Netwealth stems from the platform's inability to implement rebates for existing funds without cheaper fee classes available. The greater cost reduction is therefore a result of a higher fee load prior to these transactions.

What's the Access Fund liquidity status and how are we managing it?

- **The Funds are daily liquid** The MLC Access Global Public & Private Equity Funds are designed to provide daily liquidity and daily valuation, so from a client perspective the managed accounts continue to operate in the same way as they do today.
- **How do we manage an illiquid private equity allocation?** The underlying private equity investments are long term and illiquid. To accommodate this, private equity has a target allocation of 10% of the Fund, with the substantial remainder of the fund invested in liquid global equity exposures. We consider this a conservative allocation for a structure of this type, providing meaningful private market exposure while retaining substantial fund level liquidity. MLC will manage the listed equity component of the Access Fund as well as fund and managed account cashflows with view to maintaining overall liquidity levels while ensuring private equity holdings remain invested for their appropriate long-term horizon.
- **When could liquidity become an issue?** Daily liquidity is not unconditional. Liquidity and daily fund transactions could become constrained in an unusually severe market scenario, one where managed account redemption demand, combined with significant listed equity market corrections (-40%) results in the Access Funds' unlisted assets exceeding 20% of total fund assets.
- **Where can advisers learn more?** Advisers should review the relevant PDS together with the detailed Adviser FAQs on the dedicated MLC Access Fund microsite at https://www.mlcam.com.au/smaenhancements , or speak with their MLC BDM if they would like to discuss the liquidity arrangements further.

Important information

Portfolio changes outlined in this document are expected to be implemented by the client's platform, in due course.

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