MLC Value Model Portfolios

Portfolio Change Note

16th November 2026

What changes are we making?

NEW ASSET CLASS & STRATEGY TYPES

Global Private Equity
Global Systematic Equity

NEW MANAGER LINE-UP

Robeco, Invesco & MLC

NEW STRUCTURE

MLC Access Global Public & Private Equity Fund (Value)

We are making two related changes to the MLC Value 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 Value Model Portfolios has to date been implemented entirely through passive index funds. That approach has delivered efficient, low-cost market exposure, but it also means the portfolios have had no source of potential excess returns beyond broad asset allocation positioning. Our review of global equity exposure set out to answer a clear question: *could we add additional excess return drivers without materially changing the portfolios' fee budget?* Working through that question led us through four connected steps:

- **Adding excess return within a fixed fee budget**: The Value series is built around a clear cost budget, so any new return driver needed to earn its place without materially increasing the total cost to clients. That ruled out simply adding higher-cost traditional active managers and focused our research on cost-efficient sources of incremental return, such as systematic, enhanced-index strategies that still retain broad, index-like market exposure.
- **Extending into private markets**: The review also identified private equity as a complementary return driver that a passive listed 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, accessing a systematic strategy directly through available retail vehicles would have been far more expensive than the existing passive exposure, eroding the fee budget we were seeking to protect. Both requirements pointed to the same answer: a custom-built vehicle.
- **Converting turnover to opportunity:** Once a custom vehicle was required, it also made sense to move the core passive exposure inside it as well. Replacing the BlackRock iShares index funds allows the portfolios to retain the same passive global market exposure through an institutional index mandate at a far lower cost. That saving helps fund the systematic and private equity allocations, which is how the additional return drivers can be introduced without materially changing the fee budget.

The resulting allocation approach is through the newly built MLC Access Global Public & Private Equity Fund (Value), which keeps broad, low-cost passive market exposure at its core, adds a measured systematic enhanced-index allocation and introduces private equity, broadening the sources of excess return while preserving the Value series' cost discipline.

Which managers have we selected?

MLC Access Global Public & Private Equity Fund (Value). The fund combines institutional index exposure, an enhanced-index systematic strategy and MLC's private equity program.

Manager	Style and role	Why we selected it
Invesco (Within Access Fund)	Passive global equities; institutional index implementation	A leading global index manager with the scale and infrastructure to deliver low-cost, closely tracked market exposure. Invesco forms the passive core of the fund, providing the same broad global equity exposure as the existing iShares funds through an institutional mandate. We like its ability to support customised benchmarks as the portfolios evolve, and the highly competitive institutional fee secured through MLC's scale, which frees up fee budget for the systematic and private equity allocations.
Robeco (Within Access Fund)	Enhanced-index global equities; systematic multi-factor	A pioneer in quantitative investing, with an enhanced-index capability running since 2004. The strategy holds a broadly diversified, index-like portfolio but systematically tilts towards stocks scoring well on value, quality, momentum, analyst revisions and shorter-term signals, and away from those scoring poorly. Risk relative to the index is tightly controlled, targeting around 1% p.a. outperformance over rolling five-year periods. We like that it adds a repeatable source of excess return without the stock-specific and style risks of traditional active management, at a fee close to passive.
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 milestone before being publicly listing, 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 (Value). 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 (Value). 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 be up take up to 36 months to reach its target depending on market conditions. During this period, the fund will remain invested in the liquid global equity strategies from Invesco and Robeco.

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 and why?

	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
MLC Access Global Public & Private Equity Fund (Value)	+7.0%	+20.3%	+28.0%	+35.7%	+38.6%
iShares International Equity Index Fund	-3.0%	-8.0%	-10.5%	-14.5%	-16.0%
iShares Hedged International Equity Index Fund	-3.0%	-10.0%	-14.5%	-17.5%	-20.0%
MLC Real Return Moderate	-1.0%	-2.3%	-	-	-
MLC Real Return Assertive	-	-	-3.0%	-3.7%	-2.6%

- **The move from iShares is not a negative investment view:** The iShares funds have provided efficient, diversified global equity exposure. The change is required because the global equity exposure is being bundled within the Access Fund. This enables an alternative institutional index provider to be appointed at materially lower cost, releasing fee budget for systematic and private equity exposures while maintaining a disciplined total-portfolio cost.
- **Why are we partially reducing exposure to MLC Real Return?** As our current alternative assets' allocation, or exposure here also serves as a partial funding source for the private equity allocation. The size of each reduction has been set to broadly match the expected private equity exposure in each portfolio once the allocation is 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.

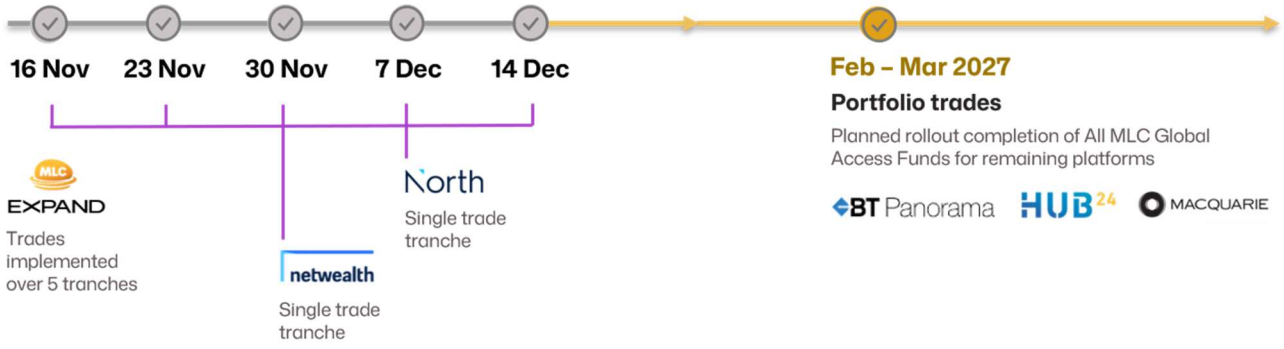
Approximate portfolio change amounts: These are estimated changes to a client's portfolio only, based on model weights. Differences will arise because of platform timing, transaction prices, individual client investments and withdrawals, income distributions, platform fees, transaction costs and any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

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 Value Series Global Public & Private Market Fund



What is the expected impact on portfolio fees?

The access fund structure has helped offset most of the costs of adding systematic and global private equity exposure to the portfolio. As a result, these changes lead to **a marginal increase** in total expected portfolio fees.

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	0.00%	+0.01%	+0.01%	+0.02%	+0.03%
Netwealth	0.00%	+0.01%	+0.01%	+0.01%	+0.02%

This increase is expected to be temporary. 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. Once that trade is implemented, we expect total portfolio fees for the Value series managed accounts to show **no net increase** compared with the level before the Access Fund changes began.

The slightly smaller cost increase (-1 bps) for Growth & High Growth on Netwealth stems from the platform's inability to implement rebates for the existing funds that without cheaper fee classes available. The smaller cost increase is therefore a result of an existing 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.

This communication has been prepared by MLC Asset Management Pty Ltd (MLCAM) (ABN 44 106 427 472, AFSL 308953), part of the Insignia Financial Group of companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial Group'). The Insignia Financial Group is ultimately controlled by CC Capital Partners LLC and its affiliates (a New York based private equity firm) and OneIM GP LLC and its affiliates (a London based private equity firm). No member of the Insignia Financial Group guarantees or otherwise accepts any liability in respect of any financial product referred to in this communication or MLCAM's services.

This publication is intended only for financial advisers. MLCAM provides this information to advisers and other Australian financial services licenses in connection with its distribution of MLC Managed Accounts Strategies. MLCAM does not provide and is not responsible for any financial product advice or service a financial adviser may provide or provides to its clients relying on this information, and any financial services or advice provided to clients by platform operators which include MLC Managed Accounts Strategies on its investment menu.

This information may constitute general financial advice. It has been prepared without taking account of an investor's objectives, financial situation or needs and because of that a financial adviser and investor should, before acting on the advice, consider the appropriateness of the advice having regard to the investor's personal objectives, financial situation and needs. Any opinions expressed in this communication constitute our judgement at the time of issue and are subject to change. We believe that the information contained in this communication is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made as at the time of compilation. In some cases, the information has been provided to us by third parties. While it is believed the information is accurate and reliable, the accuracy of that information is not guaranteed in any way.

Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Any projection or other forward-looking statement (Projection) in this communication is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Opinions constitute our judgement at the time of issue and are subject to change. Neither MLCAM nor any member of the Insignia Financial Group, nor their employees or directors give any warranty of accuracy, not accept any responsibility for errors or omissions in this publication.

MLC Managed Accounts Strategies are available via investment platforms. Please refer to the MLC Asset Management website (www.mlcam.com.au) for a full list of platform availability. You should obtain a Product Disclosure Statement relating to the investment platform and consider it before making any decision about whether to acquire or continue to hold interests in the Model Portfolios.

The MLC Access Global Public & Private Equity Fund (Value) is a registered managed investment scheme. Interests are issued by MLC Investments Limited as responsible entity. Implementation of client portfolios is undertaken by the relevant platform provider and may vary by platform.

MLCAM may use the services of any member of the Insignia Financial Group where it makes good business sense to do so and will benefit customers. Amounts paid for these services are always negotiated on an arm's length basis.