MLC Value Model Portfolios

This report has been prepared for financial advisers
and wholesale clients only

Outstanding

November 2025

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 6 November 2025

Star Rating**	Description	Definition	
4½ stars and above	*Outstanding*	***Highly suitable for inclusion on APLs*** *SQM Research believes the Fund has substantial potential to outperform over the medium-to-long term. Past returns have typically been very strong. Product disclosure statement (PDS) compliance processes are high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.*	*Highest Investment Grade*
4¼ stars	*Superior*	***Suitable for inclusion on most APLs*** *SQM Research considers the Fund has considerable potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.*	*High Investment Grade*
4 stars	*Superior*	***Suitable for inclusion on most APLs*** *In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no material governance concerns. Management is of a high calibre.*	*High Investment Grade*
*3¾ stars**	*Favourable*	***Consider for APL inclusion*** *SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers.*	*Investment Grade*
*3½ stars**	*Acceptable*	***Consider for APL inclusion*** *In SQM Research's view, the potential for future outperformance in the medium-to-long term is uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers. SQM Research has identified material weaknesses which need addressing in order to improve confidence in the Manager. There might be some corporate governance concerns.*	*Low Investment Grade*
3¼ stars	*Caution Required*	***Not suitable for most APLs*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potentially substandard. There might be material corporate governance concerns. Management quality is not of investment-grade standard.*	
3 stars	*Strong Caution Required*	***Not suitable for APL inclusion*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There could be material corporate governance concerns. SQM Research has a number of concerns regarding management.*	
Below 3 stars	*Avoid or Redeem*	***Not suitable for APL inclusion*** *SQM Research has multiple material concerns surrounding the Fund.*	

Event-driven Rating	Definition
Withdrawn	*The rating is withdrawn and no longer applicable. Significant issues have arisen since the last report was issued, and investors should avoid or redeem units in the fund.*
Discontinued - Withdrawn	*The manager, after agreeing to be reviewed, has pulled out of the process and/or has not responded.*
Hold	*Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks. Dealer groups should not be making further investments into this fund until SQM has completed its additional investigations.*

* *It is strongly recommended advisers conduct additional due diligence over and above base requirements when considering such rated funds.*

** *The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.*

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SQM Rating ★★★★½

Outstanding. Highly suitable for inclusion on APLs.

Model Description	
SMA / Product Suite Name	MLC Value Model Portfolios
APIR code	**Platform Dependent (see Product Suite Summary below for Portfolio/ Investment Profile details)**
Asset Class	Multi-Asset
Management and Service Providers	
Model Manager	MLC Asset Management Services Limited (MLC)
Responsible Entity	Platform Dependent
Model Information	
Model Inception Date	Varies by risk profile Moderate 50, Balanced 70 and Growth 85: 1-Jul-2020 Conservative 30 and High Growth 98: 2-May-2022
Model Size	$2,528m (across all five risk profiles)
Return Objective (as per PDS)	see Product Summary below
Internal Return Objective	see Product Summary below
Risk Level (per PDS)	see Product Summary below
Internal Risk Objective	see Product Summary below
Benchmark	see Product Summary below
Number of stocks/positions	5 – 25 Funds plus around 20 Australian stocks
Model Leverage	Nil
Turnover	Average less than 15% p.a.. Over 20% in 2024 calendar year.
Top 10 Holdings Weight	69.2%
Investor Information	
Management Fee	Balanced Option is 0.154% (inc. GST). Refer to the relevant Platform/PDS for details on other investment options.
TCR (Total Cost Ratio)	Balanced Option is 0.525% (inc. GST). Refer to the relevant Platform/PDS for details on other investment options.
Buy Spread	Varies by underlying investment strategy. Estimated range 0.0% - 0.32%
Sell Spread	Varies by underlying investment strategy. Estimated range 0.0% - 0.32%
Performance Fee Rate	Nil at Model Manager level. May be charged by underlying funds.
Minimum Application	Platform Dependent
Redemption Policy	Platform Dependent
Distribution Frequency	Platform Dependent
Investment Horizon (per PDS)	Varies by risk profile Balanced 70: 5+ years
Currency Hedging Policy	Strategic hedging used for risk management and opportunistic positioning

Note: Performance-related details in this report, including the Quantitative Analysis section, refer to the 'Balanced' (70/30) option unless otherwise indicated. Other risk options of the Models/ SMAs will have different asset allocations and other features that result in different returns.

Model Summary

Description

The **MLC Value Model Portfolios (the "Model Portfolios", the "Models", the "Portfolios")** are structured as separately managed accounts ("SMAs") and are available on several investment administration platforms. There are five Model Portfolios reflecting different risk profiles across the risk spectrum, from conservative to high growth (see table below). All are multi-asset class portfolios that are invested in a range of underlying funds, most of which are managed by external fund managers, and directly held Australian shares. Each Model Portfolio has a different strategic asset allocation but a similar selection of actively managed funds and direct shares.

There is a parallel suite of five MLC 'Premium' Model Portfolios that are reviewed by SQM Research in a separate report. They differ from the MLC 'Value' Model Portfolios mainly in their use of higher-cost, predominantly active, underlying funds. Their higher fees reflect this higher cost.

A series of portfolio/risk profile options is offered across several platform administration systems. See Product Summary Table below.

This report is applicable to all the investment profiles / portfolio options in the product suite. However, the **Balanced Portfolio** is used in this Report as the prime example of the product suite. It is the key focus of analysis and the subject of all quantitative charts and tables throughout the Report unless otherwise specified.

Product Rating

Each investment option in the suite of Model Portfolios listed in the table below has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.50 stars	**Outstanding**	**Highly suitable for inclusion on APLs**	**Highest Investment Grade**

Previous Rating: 4.50 stars (Issued November 2024)

Product Suite Summary

Code	Platform Dependent	Platform Dependent	Platform Dependent	Platform Dependent	Platform Dependent
Investment Option	MLC Value Conservative 30	MLC Value Moderate 50	MLC Value Balanced 70	MLC Value Growth 85	MLC Value High Growth 98
Return Objective	CPI + 1.25% p.a. (after investment management fees) over 3 years	CPI + 1.75% p.a. (after investment management fees) over 3+ years	CPI + 2.5% p.a. (after investment management fees) over 5+ years	CPI + 3.5% p.a. (after investment management fees) over 7+ years	CPI + 4% p.a. (after investment management fees) over 7+ years
Benchmark	CPI + 1.25%	CPI + 1.75%	CPI + 2.5%	CPI + 3.5%	CPI + 4%
Risk Objective	Medium	Medium-High	High	High	High
FUM ($m)	$95.7m	$514.9m	$1,111m	$641.1m	$165.2m
SAA Growth Assets	30%	50%	70%	85%	98%
SAA Defensive Assets	70%	50%	30%	15%	2%

Product Suite Returns[Ŧ]					
Performance (% p.a.)					as at 30-Sep-2025
MLC Value Conservative 30	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception***
Model	5.53	6.20	8.30		5.82
Benchmark	1.90	3.70	4.79		5.25
MLC Value Moderate 50	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception†**
Model	7.73	8.46	10.67	7.81	7.72
Benchmark	2.15	4.20	5.29	5.92	6.02
MLC Value Growth 85	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception†**
Model	11.73	12.20	14.81	11.09	11.00
Benchmark	3.00	5.95	7.04	7.67	7.77
MLC Value High Growth 98	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception***
Model	13.05	13.13	15.62		10.06
Benchmark	3.24	6.45	7.54		8.00

Ŧ returns for Balanced 70 appear elsewhere in this report

* 2 May 2022

† 1 July 2020

SQM Research's Review & Key Observations

About the Manager

MLC Asset Management Services Limited ("MLC", the "Manager") is the asset management division of Insignia Financial Limited ("Insignia", formerly IOOF Holdings Limited), a large Australian wealth management company whose main businesses are superannuation and investment platforms, asset management and financial advice. It has over $330bn in funds under management and administration (FUMA) and around 190 salaried financial advisers.

MLC has over 35 years of experience in multi-asset portfolio management, including using a multi-manager investment approach. Its scale of operations allows it to access diverse managers across institutional markets when selecting specialist investment managers. Its investment approach is based on managing risks in uncertain market environments, which is reflected in the investment process used to manage these Model Portfolios.

Insignia almost tripled FUMA in 2021 when it acquired the MLC Wealth business, of which MLC is a part, from the National Australia Bank (NAB). Years of integration, simplification and optimisation followed, including after the appointment of a new Chief Executive Officer in 2024. Insignia later announced tweaks to its operating model and a new executive team. In the last 12 months, IT separation of the MLC business from NAB was completed, and Insignia released its Vision 2030 corporate strategy. This announced a shift in focus from integration and simplification to business growth and value creation. Shortly after, in late 2024, the interest of private equity investors to acquire Insignia was first revealed. In July this year the company announced a scheme for the business to be sold to New York based CC Capital. The scheme is expected to be implemented in the first half of calendar year 2026.

Recent adjustments to reporting lines and responsibilities within the investment team have resulted in some change for the specialist team responsible for managing these Model Portfolios. No further team change is expected as a result of ongoing business initiatives announced to date. If anything, organisational support for the Model Portfolios may strengthen given they are a key source of growth for Insignia's asset management business. Insignia has around 3,900 employees, offices in all Australian state capitals, and over 1.5 million customers.

Responsible Entity

The Responsible Entity is platform-dependent and therefore varies on a case-by-case basis.

Investment Team

The Model Portfolios are managed by a team headed by Ben McCaw, who is Head of Real Return and Managed Accounts. This team also includes Senior Portfolio Manager, Multi Asset, Anthony Golowenko, and two analysts. This group was previously part of MLC's Capital Markets Research ("CMR") team, which long led multi-asset investing for MLC.

The CMR team was subsumed into the much larger investment team (the "MLC AM Investment Team") that resulted from the integration of the IOOF and MLC businesses. Recent adjustments within the MLC AM Investment Team have resulted in responsibilities, and members, of the former CMR team being allocated to different reporting lines. This change has effectively left the 'CMR team' distinction less relevant.

Ben McCaw joined MLC (and the CMR team) over 17 years ago. Anthony Golowenko joined in early 2021, bringing with him more than 20 years of investment industry experience. The MLC AM Investment Team has almost 50 members, most of whom focus on multi-manager investing to varying degrees, either within specific asset classes or across multiple asset classes. All can be drawn on, in both regular meetings and on an ad hoc basis, for insights and opinions relevant to managing the Portfolios. The MLC AM Investment Team is led by Chief Investment Officer (CIO) Dan Farmer, who was CIO at IOOF since 2017, and has almost 30 years of relevant experience, mostly in senior portfolio management roles.

MLC also has an Investment Committee which plays a key governance and leadership role for the MLC AM Investment Team. It oversees the investment processes and investment decisions for all products, including manager appointments and terminations. The Committee of eight comprises the Chief Investment Officer and other senior members of the MLC AM Investment Team, including Ben McCaw.

Responsibility for all aspects of decision-making for these Model Portfolios rests with Ben McCaw and Anthony Golowenko (subject to Investment Committee oversight). They jointly set investment strategy, including asset allocation and fund manager selection. They also manage the allocation to Australian equities within the Value Model Portfolios, which is a direct share portfolio of around 20 stocks from among the largest capitalised Australian companies.

There has been no turnover in the team managing the Portfolios since the departure of the previous team leader, Al Clark, in April 2023. The only other turnover in the last three years was the resignation of an analyst in late 2022 and the arrival of their replacement in 2023.

MLC has a strong succession planning process across almost all positions. As part of this, managers nominate alternative employees for their role, on either a caretaker or a permanent replacement basis. This process sees the development and passing on of knowledge to individuals, which should act to reduce key person risk.

1. Investment Philosophy and Process

Investable Universe

The universe of investments for the Model Portfolios comprises direct listed securities and managed funds, including exchange-traded funds, across a broad range of asset classes. Funds may be managed passively or actively. Direct listed securities investment is currently limited to large and some mid-cap Australian equities and is utilised largely to preserve the benefits of the managed account structure (direct ownership) and harness the natural structural benefits of the Australian equities market, which include high dividend yield and the ability for investors to access franking credits.

Limits to the investable universe are otherwise chiefly platform-specific in that all investments in the Model Portfolios, including managed funds, must be distributed on the platform hosting the Model. Qualification for distribution through a platform is subject to a range of requirements, which typically include the need for daily liquidity and pricing.

Philosophy / Process / Style

MLC's investment philosophy is built on the core belief that the future is uncertain, and successful investing requires preparation for a wide range of possible market environments. It has designed the Portfolios with the objective to grow and protect investor wealth over the long term by managing, not avoiding, risk.

The Manager's Investment Futures Framework and VFPD assessments are core elements of its scenarios-based approach that underpins all aspects of portfolio design, construction, and management. Insights derived from this approach help the Manager understand how markets might evolve and the trade-offs between risk and return. They ultimately help determine optimal asset allocation and the selection of managers whose strategies are best suited to perform across varied market conditions.

Portfolio Biases/Preferences

Large cap and value style biases will generally exist within the Australian equities allocation due to tax efficiency requirements and preferences for dividend paying stocks and reduced turnover. Otherwise the investment approach seeks a more balanced exposure to major styles.

Liquidity

The Manager takes an active approach to ensuring a high level of liquidity is maintained. The Portfolios are primarily invested in listed securities and managed funds with daily pricing and redemption. Liquidity is regularly monitored and assessed at the asset class and Portfolio level. This includes modelling Portfolio liquidity under normal and stressed market conditions. All proposed changes to the Portfolio are tested for liquidity.

Leverage

This Portfolio does not employ direct leverage (through borrowing by the Portfolio) **or** economic leverage (through the use of derivatives). Derivatives will, at times, be used within underlying funds.

2. Performance & Risk

Return Objective

The return objective of the Balanced Model, as stated in the PDS, is: "To provide returns of CPI + 2.5% p.a. (after investment manager fees) over 5+ years".

Material Risks

Advisers and Investors should refer to the 'Risks' section of the relevant ***PDS****. Risks other than those mentioned in this section (or the relevant PDS) may also have a material adverse impact on the Portfolio's performance or value.*

Material risks which are associated with the Portfolio include:

Market Risk: Movements in market sectors due to, for example, interest rate movements or economic factors, may have a negative impact on Portfolio returns.

Interest Rate Risk: Changes in interest rates can have a positive or negative impact on investment values or returns.

Volatility Risk: The potential for the price of Portfolio investments to vary, sometimes markedly and over a short period of time.

Diversification Risk: A lack of diversification across or within asset classes may cause Portfolio returns to fluctuate more than expected.

Counterparty Risk: The risk that a counterparty may default on their obligations to pay monies or deliver assets to the Portfolios which may result in a partial or permanent loss.

Operational Risk: Disruptions or failure of information technology systems, administrative procedures or operational processes and controls may directly or indirectly impact Portfolio returns.

Responsible Entity and Managed Investment Scheme Risk: Risks associated with the operational and financial performance of the Responsible Entity and the third-party service providers the Responsible Entity has appointed to manage certain functions.

Risk Objective

The Balanced Portfolio's PDS states that the risk level of the Portfolio is "High".

Portfolio Performance to 30 September 2025 (% p.a.)

Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Portfolio	0.82	3.81	9.87	10.41	13.05	9.64	9.57
Benchmark	0.39	1.18	2.51	4.95	6.04	6.67	6.77
Peer Average	0.69	4.05	9.33	10.44	12.10	8.93	8.78
Alpha	0.42	2.63	7.36	5.46	7.01	2.97	2.80

Portfolio returns are calculated by the Manager using external fund prices sourced from Morningstar and direct equities prices sourced from the ASX.
Portfolio returns are net of Manager fees and underlying fund fees.
Note: Returns data may be marginally different, depending on the data source, rounding, inception date, or other factors.
With distributions reinvested. Returns beyond one year are annualised. Return history starts Jul-2020.
Benchmark: CPI + 2.5%

Length of Track Record

The MLC Value Model Portfolios have a history of 5.3 years.

Observations and analysis of returns will have moderate statistical meaning as a result of the sample size of observations.

Strengths

- The scale of funds managed by and resources available to MLC (the Manager).
- The investment process, which has been developed over many years, is particularly well suited to managing multi-asset class portfolios in uncertain market conditions.
- The experience and professional background of the investment team, including within both the managed accounts team and the broader MLC AM Investment Team, under the leadership of CIO Dan Farmer.
- The Manager's long-term experience managing multi-asset portfolios, which, apart from the points made above, also enables it to both keep aware of and access a broad range of diverse managers across institutional markets.
- The Portfolio has outperformed its benchmark and peers over all periods of three years or more.
- The Portfolio's risk-adjusted returns (as measured by Sharpe and Information ratios) have exceeded the peer average over all time periods.

Weaknesses

- Allocations to related party funds, albeit at limited scale, may compromise manager selection for the Model. That said, generally, these are good quality Funds.

Other Considerations

- As the Model Portfolios are hosted on a number of different platforms, Advisers/investors are encouraged to seek further information relevant to the particular platform they may be considering.
- The Manager is considering introducing a private equity allocation to the Portfolios. This is unlikely to occur until mid-2026 and will be subject to significant internal scrutiny, including around liquidity, and require Investment Committee approval. Any such move will also make use of the extensive experience in private equity investing that exists in the MLC Investment Team. This experience includes allocating to private equity in multi-asset portfolios.

Portfolio Metrics

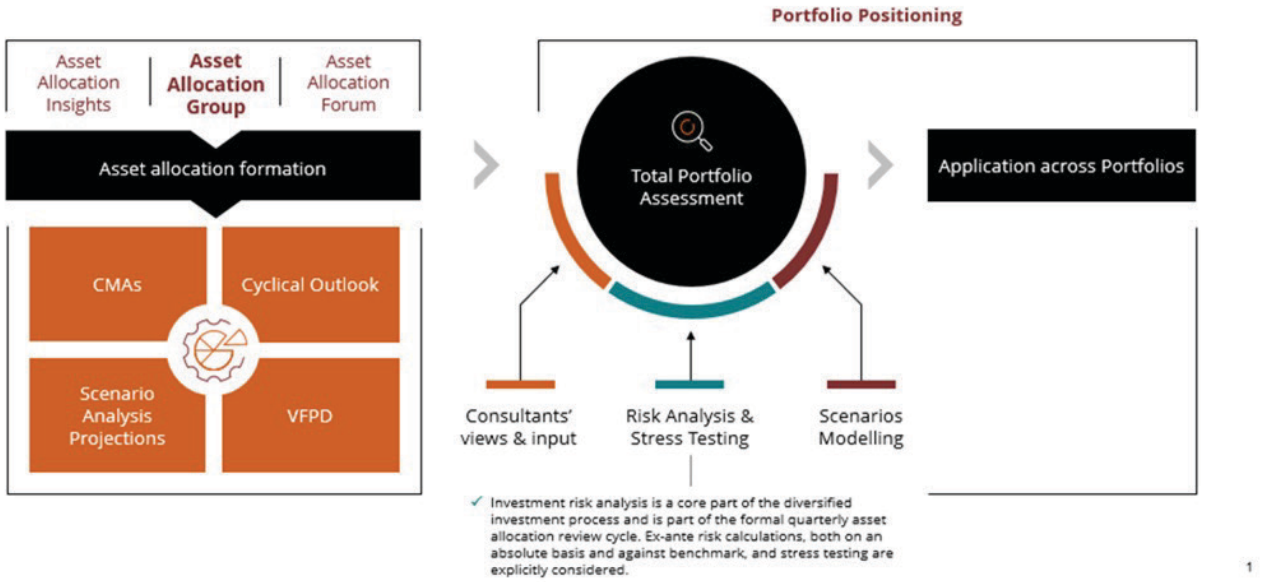
Asset Allocation Balanced Portfolio Sep-2025

Asset Class	Target Allocation	Actual
Australian Shares	20% to 50%	21.2%
Global Shares	10% to 50%	33.3%
Property and Infrastructure	0% to 20%	8.2%
Alternatives	0% to 20%	9.9%
Fixed Income	5% to 40%	23.4%
Cash	0% to 15%	4.0%
Total Growth	70%	72.6%
Total Defensive	30%	27.4%

Key Changes Since the Last Review

- The Manager has placed greater emphasis on the role played by VFPD assessment in its research on asset allocation. This was a core element of IOOF's legacy processes and now stands alongside MLC's long-standing Investment Futures Framework in the Manager's 'multi-lens approach'.
- There has otherwise been no change to the investment process since the previous review.

Investment Process Diagram



Process Description

Investment Process

Screening/ Idea Generation

All members of the managed accounts team engage in extensive research to build an understanding of what the future could hold and the ramifications for financial markets. The insights generated help them develop ideas of possible economic scenarios and their probability of occurring. Team members also tap the expertise that exists within the broader investment team of which they are a part and with whom they engage regularly, both formally and informally. Most members of the broader team have direct responsibility for tasks that include diversified portfolio management, sector specific manager research, and investment strategy, and as such are a rich source of ideas.

Screening and idea generation for manager selection involves quantitative analysis of data on a broad selection of funds, considering a range of performance and other metrics. The Manager also holds numerous introductory meetings with prospective funds and makes use of input from asset consultants.

Research

Research for the Portfolios primarily supports asset allocation and manager selection.

Asset Allocation Research

Research for asset allocation draws on input from the broader investment team and has evolved to now largely combine MLC's long-standing Investment Futures Framework (IFF) approach with VFPD (Valuation, Fundamental, Policy, Dynamics) assessment, which is a core element of IOOF's legacy processes. The Manager calls this a multi-lens approach to gather information and create insight on prospective return and risk across asset classes. The process is formally run each quarter, though key indicators are constantly monitored, and outputs are used to help determine asset allocations to best achieve Portfolio objectives.

The IFF is a forward-looking scenarios-based assessment of a range of potential asset class outcomes. At its core is the specific consideration of approximately 40 distinct scenarios reflecting a range of macroeconomic, behavioural and event-specific market environments. The process results in a distribution of expected future outcomes. Key inputs include current valuations, plus probabilities or estimates, reflecting the likelihood of each scenario eventuating. Probabilities are set by the team at least quarterly, canvassing multiple sources of thinking.

The VFPD assessment provides a cyclical outlook and asset class evaluation over the short to medium term. This framework considers the key pillars of market Valuations, Fundamental support, Policy direction and market Dynamics as part of the outlook assessment. Models incorporate current valuations, as well as market and economic inputs to provide guidance on the outlook over the near term. Additionally, asset classes are reviewed on a spectrum of unfavourable, neutral and favourable to assist with decision making around the risk and opportunity of active portfolio tilts.

Manager Selection Research

MLC applies a consistent set of broad principles to manager selection across all asset classes. Simply put, it seeks to identify managers with a sustainable competitive edge. It makes assessments based on multiple criteria, including the quality of a manager's investment staff, the research they do, their source of insight, how they build portfolios and manage risk, and their ownership structure. Consistency in investment processes, readily apparent in observed portfolio outcomes and aligned with investment philosophy, is also key. Past performance is examined within the context of investment philosophy, style, and market conditions.

Assessments involve a series of interviews with key people within the manager's business, as well as consideration of operational competency and governance practices. Capacity factors are also considered, including the fund's scalability and potential capacity constraints. Multiple international trips are taken each year to perform manager due diligence. The Manager notes that establishing a belief about the existence and sustainability of a manager's competitive edge could require years of research and that it is not unusual to have at least five meetings with a fund manager before investing.

Any proposal to allocate funds to a new manager is subject to detailed peer review by MLC AM Investment Team members. If this stage is passed, the proposal is put before the Investment Committee for approval, which typically involves vigorous debate. The Investment Committee includes some of the most senior members of the MLC AM Investment Team, including the CIO.

Manager Selection

MLC has a long history of managing multi-asset investment products using external fund managers. It is the primary approach it takes in constructing portfolios across its business. As such, it has honed its processes for identifying preferred fund managers and has developed substantial expertise in this task. Its scale and heritage in the business also enable it to both keep aware of and access a broad range of diverse managers across institutional markets.

While the managed accounts team has primary responsibility for managing all aspects of the Model Portfolios, where possible, it utilises the expertise of MLC's broader MLC AM Investment Team, including in fund manager research and selection. MLC has specialist teams researching managers in different asset classes, including equities, fixed income, and alternatives. The managed accounts team works collaboratively with them to identify the right combination of quality managers to establish its preferred mix of attributes and exposures in each portfolio.

The number of managers is generally proportional to the complexity of the asset class in question. For instance, a three-manager line-up may be utilised in the more concentrated Australian equities market, differing primarily along capitalisation lines. More may be utilised for international equities, including an additional manager to account for the currency dimension.

New managers must be approved by the Manager's Investment Committee. New managers must also pass operational due diligence. Allocations are at times made to related party funds. Any allocation that may have real or perceived conflicts of interest requires the approval of an independent non-executive director and the Manager's Risk Team. The Manager is also planning to introduce two independent members to its Investment Committee. They will play a key role in the consideration of related party funds.

Portfolio Construction

Portfolio construction seeks to mix high-quality fund managers to deliver the portfolio attributes the Manager deems necessary to best navigate the trade-offs between return and risk identified through the scenario analysis process. MLC's proprietary analysis of managers' investment styles helps it ensure a more balanced exposure in the Portfolios to major styles, within and across asset classes. The MLC Value Model Portfolios incorporate a selection of low-cost, often index tracking, and active component strategies. This compares to their Premium counterparts which incorporate a full suite of predominantly active component strategies. This is the key characteristic driving the difference in fees charged between the Premium and Value portfolios.

Allocations to Australian equities are via a direct shares portfolio (DSP), largely to maximise the benefits associated with the SMA structure, including tax benefits. These DSPs are relatively passive and are internally managed for the Value Model Portfolios.

Asset Allocation

MLC's approach to asset allocation reflects its investment philosophy centred around managing risks in uncertain market environments. The Manager explicitly recognises the existence of uncertainty and has more confidence in predicting longer-term outcomes. This is because longer-term outcomes are tied more closely to fundamental variables such as the productive capacity of economies. It also believes that behavioural swings in the market tend to wash out over time.

While asset allocation is, in practice, continuously reviewed, formal assessment occurs quarterly across a series of meetings. This involves investment team members sharing and reviewing inputs relating to the cyclical outlook, asset class views and the balance of risks and opportunities. This assessment incorporates analysis utilising the IFF and VFPD assessment (discussed above in Research section).

Portfolios are built around Strategic Asset Allocation (SAA), which reflects long-term capital market assumptions and scenario analysis, and is reviewed every two to three years. Tactical Asset Allocation (TAA) involves adjustments around SAA to take advantage of near-term opportunities. TAA is considered quarterly based largely on market conditions.

Hard and soft thresholds exist to drive rebalancing, which is formally reviewed at least weekly. Given the direct and indirect costs associated with implementing Model portfolio changes, the managed accounts team is focused on ensuring that rebalancing activity is undertaken only when absolutely necessary.

Top 5 Holdings*

Holding	Asset Class	Weight %
iShares Hedged International Equity Index Fund	Global Shares	16.6
iShares International Equity Index Fund	Global Shares	12.1
MLC Real Return Assertive Fund	Alternatives	9.9
Janus Henderson Australian Fixed Interest Fund	Fixed Income	7.2
Antares Income Fund	Fixed Income	5.6

* September 2025 – holdings will change over time.

Sell Discipline

MLC's view is that termination of underlying fund managers should not be based on underperformance alone. The main reasons for the termination of a manager may include the departure of key personnel, adverse developments in the manager's organisation, the presence of unexpected risk characteristics, or ongoing underperformance.

Risk Management

Risk Management practices are both stand-alone and integrated through the Manager's investment processes. The IFF, which is central to the Manager's investment process, has a risk management orientation. Developing an in-depth understanding of sources of risk is at its core. A key focus of portfolio construction is to deliver reliable long-term returns while managing risk across diverse market conditions. The Manager's position weighting decisions are partly based on risk contribution and expected diversification benefits. Further, the portfolio will typically have a meaningful allocation to the MLC Real Return Assertive trust, which has a greater focus on carefully managing risk and, in particular, avoiding big losses.

Much ongoing risk analysis is undertaken by the Performance Analytics Team, which conducts regular stress testing and monitors tracking error, liquidity and other portfolio risk characteristics. The Manager's risk tools include FactSet for stress testing and tracking error. Liquidity is modelled under normal and extreme conditions. Expected outcomes include controlled volatility, reduced drawdowns, and consistent performance across market cycles.

Risk Management also incorporates a regime of monitoring and reporting at the underlying fund manager level. This involves continually reviewing matters such as manager performance, portfolios, and organisational developments. Specific steps include calls with underlying fund managers every six weeks on average and regular visits to their offices. Reports are obtained from managers monthly, most of which are tailored, with transparency additional to that in their standard format reports as specified in agreements with managers.

The permitted ranges for allocations to asset classes for each Portfolio are as follows.

Model Constraints and Risk Limits	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
Cash	0% to 25%	0% to 20%	0% to 15%	0% to 10%	0% to 10%
Fixed income	30% to 70%	20% to 60%	5% to 40%	0% to 30%	0% to 10%
Alternatives and other	0% to 20%	0% to 20%	0% to 20%	0% to 20%	0% to 20%
Listed property and infrastructure	0% to 20%	0% to 20%	0% to 20%	0% to 20%	0% to 20%
Global shares	5% to 25%	5% to 35%	10% to 50%	20% to 60%	30% to 70%
Australian shares	10% to 25%	10% to 35%	20% to 50%	20% to 60%	20% to 60%
TOTAL GROWTH ASSETS	**20% to 40%**	**35% to 65%**	**55% to 85%**	**70% to 95%**	**90% to 98%**
TOTAL DEFENSIVE ASSETS	**60% to 80%**	**35% to 65%**	**15% to 45%**	**5% to 30%**	**2% to 10%**

Key Counterparties

Insignia Financial Ltd
Listed Parent Entity

MLC Asset Management Services Limited (MSL)
Portfolio Manager

Varies with Investment Platform
Custodian

MLC Value Model Portfolios
Portfolio Under Review

Varies with Investment Platform
Responsible Entity

Distributions

Investments

Investors

Governance

Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Portfolio or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are well qualified to carry out their assigned responsibilities. Management risk is rated as low.

Management & People

Name	Responsibility / Position	Location	Years at Firm	Years in Industry	Qualifications
Dan Farmer	Chief Investment Officer	Sydney	15.6	29.3	B.Eco; M.Com
Ben McCaw	Head of Real Return and Managed Accounts	Sydney	17.3	21.7	M. App Fin; PhD
Anthony Golowenko	Senior Portfolio Manager, Multi Asset	Sydney	4.6	26.2	B(Hon) Math & Fin; CFA
Doreen Goh	Investment Analyst, Capital Markets Research	Sydney	2.4	9.6	B.Com (Acc & Fin)
Alex Leung	Senior Investment Analyst	Sydney	4.1	7.6	B.Eco; B.Com

Staffing Changes

There has been no turnover in the managed accounts (or CMR) team since the departure of the previous team leader, Al Clark, in April 2023.

Departures			
Date	Name	Responsibility	Reason for Departure
07-Apr-23	Al Clark	Head of Investments	Resignation
09-Nov-22	Ekagra Gupta	Senior Investment Analyst	Resignation

Additions			
Date	Name	Position / Responsibility	Previous Position / Employer
04-Apr-23	Doreen Goh	Investment Analyst	Future Super, The Citro Group, HLB Mann Judd

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Fees and Costs	Portfolio	Peer Avg**
Management Fee % p.a.	0.15%	0.89%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	0.00%	0.00%
Total Cost Ratio TCR % p.a.†	0.53%	0.90%
Buy Spread %*	0.00%	0.12%
Sell Spread %*	0.00%	0.12%

† TCR includes fee for MLC Expand platform. TCR will differ by platform.

* This spread is the difference between the Portfolio's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

** Peer average is based on data provided by SQM's data provider. SQM is not responsible for any errors or omissions. The peer group average Performance Fee includes those that do not charge a performance fee (i.e. 0%). SQM observes that funds that charge a performance fee tend to charge a lower management fee than those that do not.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC). The Management Fee includes the Responsible Entity fees as well as the investment manager fees.

Performance Fee

The Portfolio does not charge a performance fee.

SQM Research observes that:

- ***The management fee is 74 basis points lower than the peer group average.***
- ***The Total Cost Ratio (TCR) is 37 basis points lower than the peer group average.***

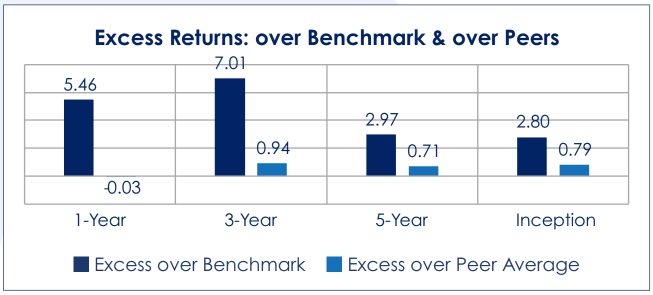
Risk/Return Data to 30 September 2025							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Portfolio	0.82	3.81	9.87	10.41	13.05	9.64	9.57
Benchmark	0.39	1.18	2.51	4.95	6.04	6.67	6.77
Peer Average	0.69	4.05	9.33	10.44	12.10	8.93	8.78
Alpha	0.42	2.63	7.36	5.46	7.01	2.97	2.80
Metrics				**1-Year**	**3-Year**	**5-Year**	**Inception**
Tracking Error (% p.a.) - Portfolio				5.55	6.82	8.04	7.93
Tracking Error (% p.a.) - Peer Average				5.65	6.92	8.03	7.91
Information Ratio - Portfolio				0.98	1.03	0.37	0.35
Information Ratio - Peer Average				0.98	0.86	0.28	0.05
Sharpe Ratio - Portfolio				1.13	1.32	0.91	0.92
Sharpe Ratio - Peer Average				1.12	1.16	0.82	0.83
Volatility - Portfolio (% p.a.)				5.52	6.80	7.85	7.75
Volatility - Peer Average (% p.a.)				5.62	6.89	7.84	7.72
Volatility - Benchmark (% p.a.)				0.31	0.51	0.60	0.60
Beta based on stated Benchmark				-1.34	0.00	-3.71	-3.57

Portfolio returns are calculated by the Manager using external fund prices sourced from Morningstar and direct equities prices sourced from the ASX. Portfolio returns are net of Manager fees and underlying fund fees.
Note: Returns data may be marginally different, depending on the data source, rounding, inception date, or other factors.
With distributions reinvested. Returns beyond one year are annualised. Return history starts Jul-2020.
Benchmark: CPI + 2.5%

Quantitative Insight[1]

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Sep-2025.**

Excess Returns (Alpha)

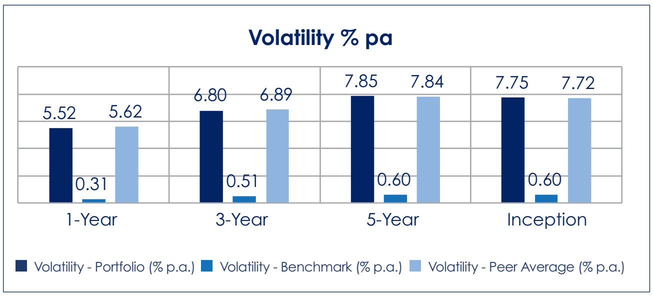


The **Balanced** Portfolio has displayed strong performance across most periods when compared with the benchmark and peers. This outcome is the net result of a diversity of performances across different underlying funds and across different time frames. Exposure to emerging markets, via the Walter Scott Emerging Markets Fund, has performed well over the last year, but made a negative relative contribution over three years. The Janus Henderson Diversified Credit Fund has outperformed over most timeframes, including in the last quarter when it exceeded its benchmark by 1.4%. Currency hedging has also worked in the Portfolio's favour at times, including in the September quarter.

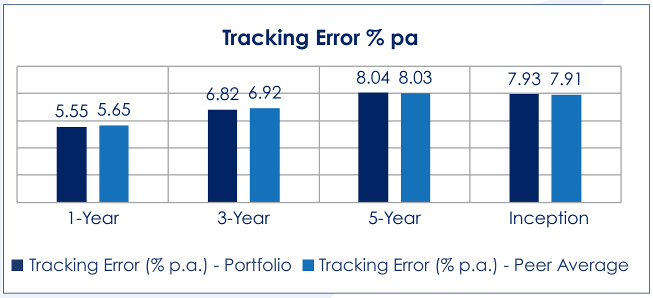
The **return outcomes,** as described above, are substantially above the PDS objective and are consistent with SQM's expectations for the Portfolio relative to its fee level and volatility.

[1] Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

Risk



The Portfolio's **volatility** (annualised standard deviation of monthly returns) has tended to be around that of peers.



SQM has measured and reported **tracking error** in the table above. Since the Portfolio's benchmark has almost no volatility, the tracking error readings add no new information to observations gained from studying volatility. The tracking error of the Portfolio is virtually identical to its volatility (standard deviation).

The **risk outcomes,** as described above regarding volatility and tracking error are consistent with the PDS statements about risk and SQM's expectations for this Portfolio.

Drawdowns

Drawdown Summary			
	Drawdown Size (peak-to-trough)		
	Portfolio	Bench	Peers
Average	-3.34%	no data	-2.91%
Number	8	0	9
Smallest	-0.31%	+0.00%	-0.29%
Largest	-12.33%	+0.00%	-11.52%
	Length of Drawdown (in months)		
	Portfolio	Bench	Peers
Average	5.3	no data	6.1

Length of Drawdown = time from peak to trough and back to the previous peak level

Average drawdowns have been slightly worse than the peer average.

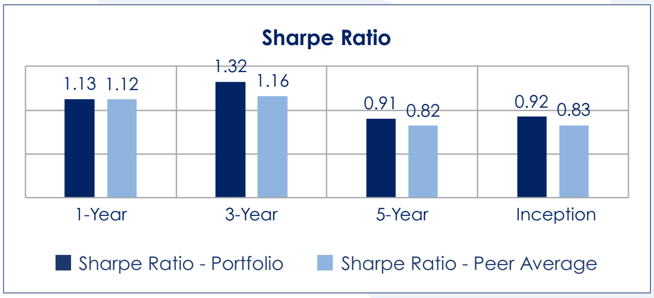
The benchmark has had zero drawdowns as expected from inflation or cash-based indexes.

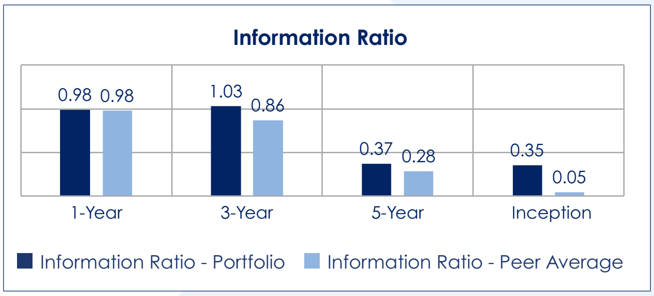
Upside/Downside Capture

	Upside Capture	
	3 years	Inception
Portfolio	213.5%	144.0%
Peer Average	199.1%	132.8%

for a cash benchmark, downside capture is not valid

Risk-Adjusted Returns





The Portfolio's risk-adjusted returns (as measured by Sharpe and Information ratios) have been better than the peer average.

Correlation of Portfolio to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+68.2%	+51.3%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+94.4%	+92.2%	S&P/ASX 300 TR
Global Bonds	+70.9%	+67.3%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+73.3%	+80.7%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Portfolio to the ASX300**, a practice that SQM has set as common across asset classes in fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the fund itself, as it is helpful to understand how a fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Portfolio**. This is compared to the Portfolio's performance over the same months.

Extreme Market Returns vs Portfolio Return Same Month

Index: S&P/ASX 300 TR — **From Jul-20 to Sep-25**

Rank	Date	Market	Portfolio	Difference
1	Jun-22	-8.97%	-4.81%	+4.16%
2	Jan-22	-6.45%	-3.17%	+3.29%
3	Sep-22	-6.29%	-4.57%	+1.72%
4	Oct-23	-3.80%	-1.78%	+2.02%
5	Feb-25	-3.79%	-0.76%	+3.03%
6	Sep-20	-3.59%	-1.37%	+2.22%
7	Mar-25	-3.34%	-2.33%	+1.01%
8	Dec-22	-3.29%	-2.82%	+0.47%
9	Dec-24	-3.08%	-0.82%	+2.26%
10	Apr-24	-2.92%	-2.22%	+0.70%
Totals		**-45.53%**	**-24.66%**	**+20.87%**

			No. of Months
Correlation	+81.6%	Positive Return	0
Capture	+54.2%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Portfolio displays moderate **defensive characteristics** in the face of extreme Australian equity tail risk.

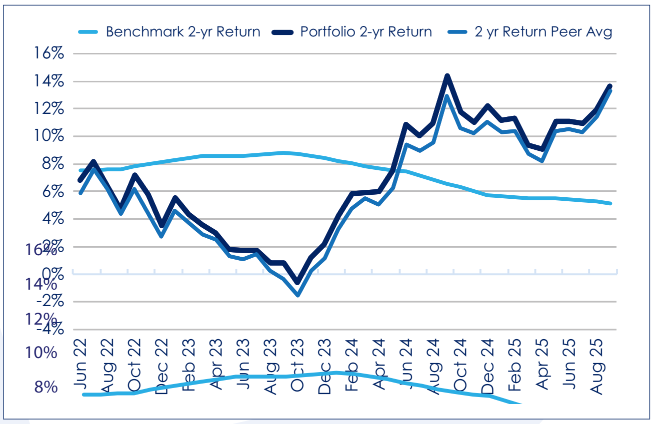
Annual Returns

Year	Portfolio	Benchmark	Peer Avg	vs. Bench	vs. Peers
2021	+16.01	+6.00	+13.71	**+10.01**	**+2.30**
2022	-7.60	+10.33	-7.16	**-17.93**	**-0.44**
2023	+12.99	+6.55	+10.26	**+6.43**	**+2.73**
2024	+11.38	+4.92	+11.87	**+6.45**	**-0.49**
Sep-25	+8.92	+4.09	+8.85	**+4.84**	**+0.07**

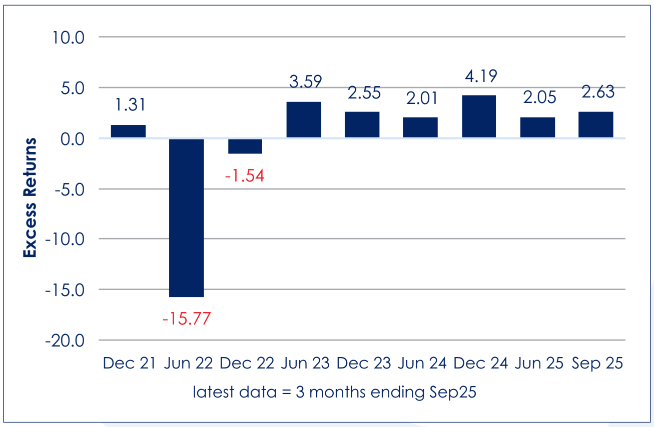
2025 data = 9 months ending Sep-25

Return and Risk

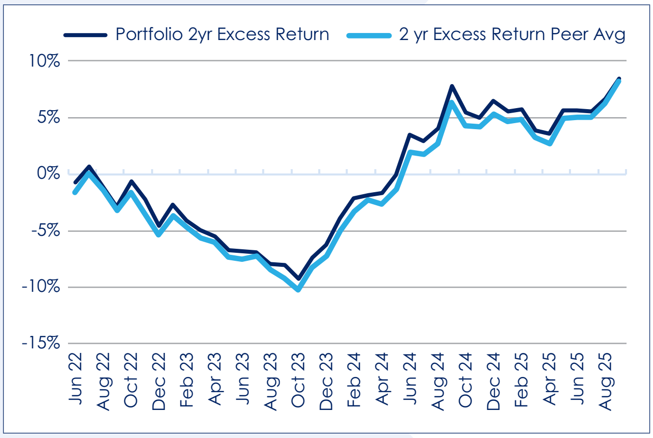
Rolling Returns



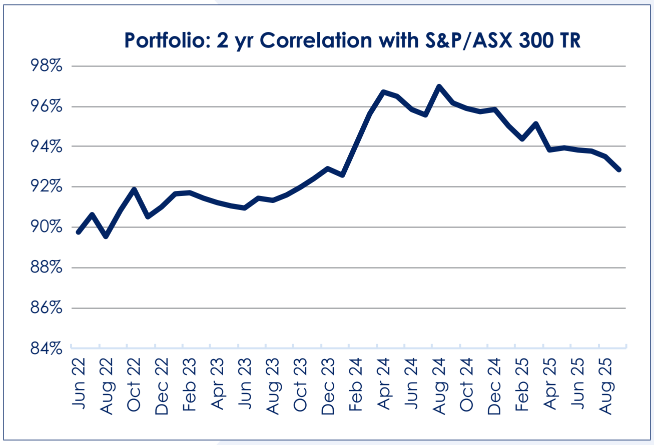
Portfolio Excess Return Half Yearly



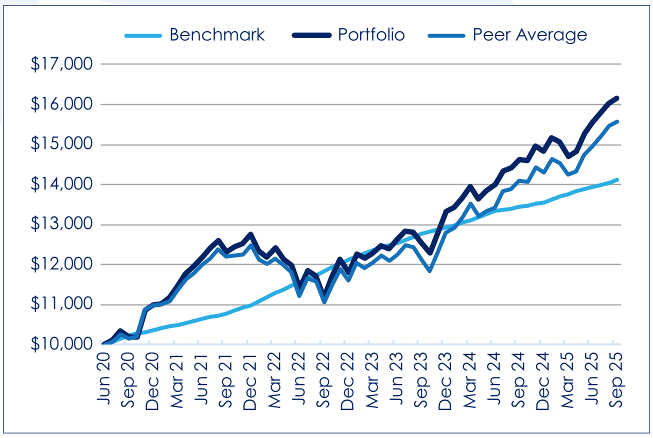
Rolling Excess Returns



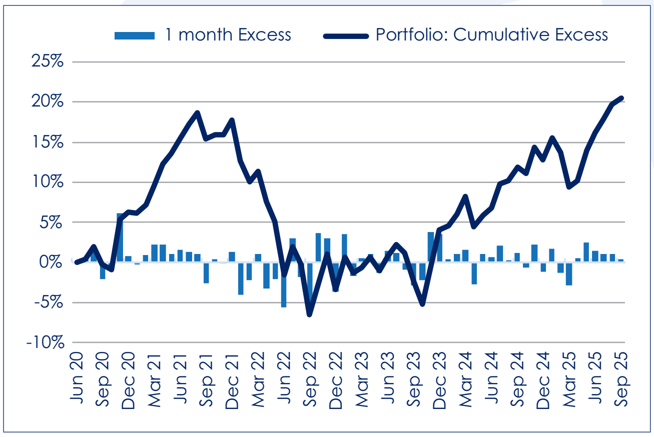
Rolling Correlation



Growth of $10,000

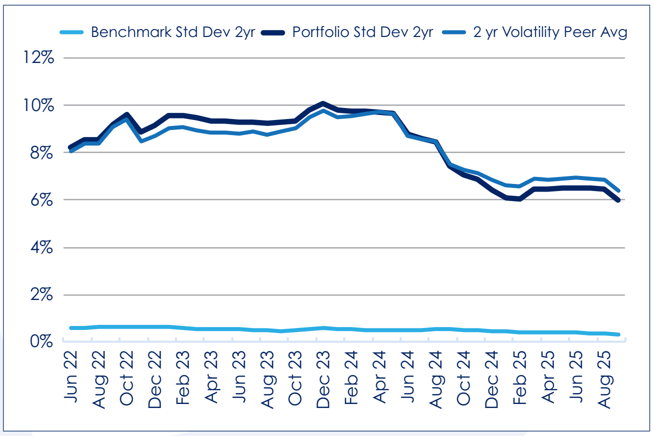


Cumulative Excess Returns

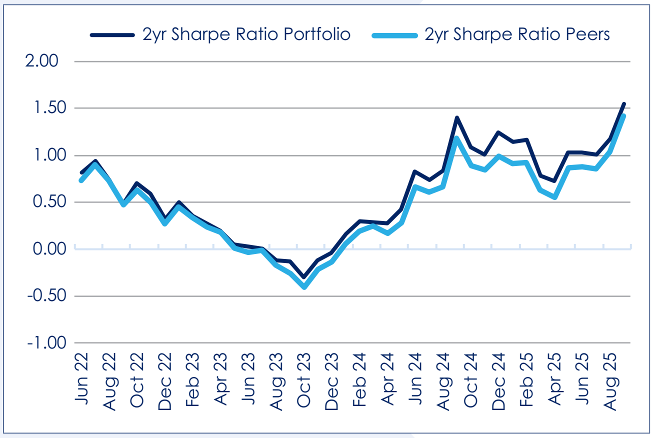


Return and Risk

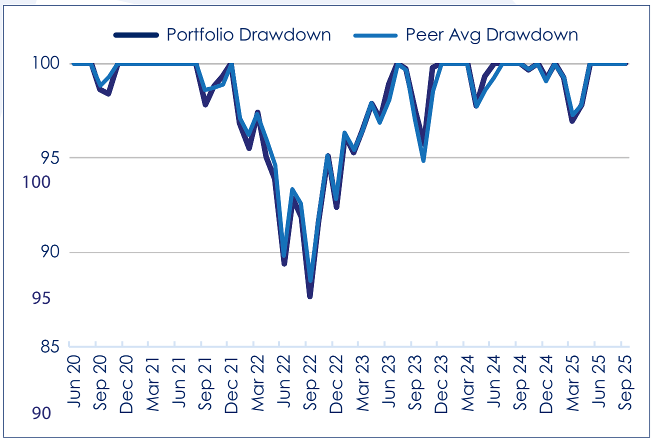
Rolling Volatility



Rolling Sharpe Ratio



Drawdowns



Drawdown

A drawdown tracks the path of the fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

Alpha = Fund Return – Benchmark Return

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that fund's financial year. By distributing the net taxable income of the fund to investors each year, a fund itself should not be liable for tax on its net earnings.

If a fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the fund's taxable income for that year.

If the total distributions a fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a fund may make additional distributions.

A fund's ability to distribute income is determined by the performance of the fund and general market conditions. Accordingly, there is no guarantee that a fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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