MLC Premium Managed Accounts

ASSET MANAGEMENT

Portfolio Changes

Effective Date: 15 May 2025

What changes have we made?

Several shifts to the portfolio asset and sub-asset allocations have been implemented across the premium portfolio suites.

REDUCED Australian Equities	**INCREASED** Global Equities	**INCREASED** Total growth allocations
INCREASED Global Listed Real Assets	**REDUCED** Fixed Income & Cash	Life Cycle INVESTMENT PARTNERS **MANAGER ADDITION**

What's the rationale for these changes?

Our investment process, guided by the futures framework, has signalled changes in our forward outlook on various asset classes and their risk-reward opportunities.

- **Total growth asset exposure** has been increased by 1% to 3.5% depending on the portfolio risk profile, shifting total growth vs defensive positioning back towards our neutral SAA targets.

  On a potential scenarios basis, while economic uncertainty remains high and consumer / business sentiment challenged, we believe the tails risks of a sharp economic slowdown, with damaging inflation levels has now largely abated. Valuation metrics across most markets remain little changed from the levels seen prior to the tariff induced market correction, however broader market sentiment measures have clearly retreated from euphoric levels. We are also witnessing the beginning of a potential broadening in both economic and equity return leadership, away from a US centric and highly narrow US tech focus and towards Europe and Asia (ex China). It would also appear that monetary and fiscal policy for these regions is now out of step with the US, with interest rates falling and governments looking to simulate investment and consumer spending.

  All said and done, we believe the current combination of indicators is supportive of medium-term market returns and while we have added risk back to portfolios, will still retain a somewhat defensive stance within our sub asset allocations and for the higher risk portfolios, total growth exposure that is still below that implied by our neutral asset allocations.

  Total estimated growth allocations (including a look through on property, infrastructure and alterative assets) now sit as follows:

Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
30% (+1%)	48% (+2%)	68% (+2%)	82% (+2%)	91.4% (+3.5%)

- **Australian equities and investment grade credit** We see a reduction in valuation appeal in large cap ASX equities and investment grade credit, where demand for quality and spread compression have these market segments driven to near-full valuations.

- **Global Equities** We have increased the aggregate equity allocation through unhedged global equities, where we see relatively more favourable opportunities versus Australian markets.

- **Property & Infrastructure** we see stable underlying earnings, sensible leverage, and long-term debt maturity schedules, as stimulants for mid-risk global listed property and infrastructure assets, and their diversifying properties in the medium-term.

Where are the changes being funded from?

- The reduction of Australian equity exposure is largely being executed within the direct share's component of the portfolios. Being of cognisant of potential single share name dilution below platform tolerance and materiality levels, we have also adjusted the ex-20 exposure in some portfolios.
- Within the premium series, we partly fund the overall increase to unhedged global shares through a reduced allocation to Polaris Global Equity and the introduction of an allocation to Life Cycle Investment Partners and their concentrated global share strategy.
- Both Resolution Capital Global Property Securities and Global Listed Infrastructure see increases by 1% across the portfolio central three risk profiles. The book-end conservative portfolios increase their global property exposure by 1% with no change to infrastructure, with the vice versa 1% implementation of infrastructure and no change to property occurring in the high growth 98 portfolios.
- The reduction on investment grade credit is being funded entirely from the existing Janus Henderson Diversified Credit allocation, including its complete removal from the 70, 85 and 98 portfolios.

Global equity implementation – new manager introduction

- Within the SMA Premium series, we have decided to initiate a position within Life Cycle's Concentrated Share Fund consistent with the broader MLC institutional global equity program's planned inclusion of the strategy.
    - The global equity select strategy which underpins the Concentrated Share Fund invests in a portfolio of 20-45 companies which their process has identified as having the best combination of shareholder wealth creation, attractive valuation, and reasonable margin of safety.
    - The investment process, centred around their proprietary 'corporate lifecycle approach', seeks to construct a well-diversified portfolio, relatively balanced in style bias and characteristics, and where company specific insights are the primary driver of relative returns.
    - The investment team is well regarded, with the three senior portfolio managers having managed the strategy to a successful track record against benchmarks for over 20-years.
    - MLC has long been a supporter of the corporate life cycle approach implemented by the portfolio management team, having held an allocation to the strategy in various MLC multi-asset funds via their previous home at Royal London. The portfolio managers among other key personnel recently left Royal London to establish the Life Cycle Investment Partners in 2024 and following internal MLC review we have elected to back the original team within this new boutique.
- What does it bring to the portfolio? We see the Life Cycle strategy adding a differentiated and deeply intrinsic approach to company insights, enhancing the global equity sleeves already broad and diverse stock selection framework. The strategy's combination of being style-neutral and high-conviction, with a focus on where companies are in their corporate lifecycle, introduces a forward-looking and adaptable lens. This complements the more traditional style-orientated approaches already in the portfolio, helping to diversify return drivers, reduce unintended style concentration, and strengthen overall resilience across varying market environments.
- Given MLC's long term support for the team and sizeable amount of capital deployed across our multiple strategies, the fund will be deployed within our managed accounts on attractive terms relative to standard wholesale rates.

Is there an impact on portfolio fees?

Owing to the attractive fee point negotiated, these changes to asset allocation and manager introduction will result in relatively minimal portfolio fee impacts, estimated at between +/- 2 basis points depending on the portfolio and platform in question.

When were the changes made?

The relevant trades were processed on the 15th of May 2025, noting that the actual trade execution dates and prices can differ depending on the processing times and policies of each investment platform.

Portfolio changes summary table

The below table outlines the estimated portfolio changes versus strategic target weights as of 14 May 2025.

Premium Series	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
Australian Equities		**-2%**	**-2%**	**-2%**	**-1.5%**
Active Direct Shares			-2%	-2%	-2%
Antares Ex-20 Australian Equities Fund		-2%			0.5%
Global Equities		**+2%**	**+2%**	**+3%**	**+4%**
Polaris Global Equity Fund		-1%	-2%	-2%	-2%
Life Cycle Concentrate Global Share Fund (+)		+3%	+4%	+5%	+6%
Listed Real Asset Securities	**+1%**	**+2%**	**+2%**	**+2%**	**+1%**
Resolution Capital Global Property Securities Fund (Hedged)	+1%	+1%	+1%	+1%	
Resolution Capital Global Listed Infrastructure Fund (Hedged)		+1%	+1%	+1%	+1%
Fixed Income	**-1%**	**-2%**	**-2%**	**-3%**	**-3%**
Realm Short Term Income Fund	+1%				
Janus Henderson Diversified Credit Fund	-2%	-2%	-2%	-3%	-3%
Cash					**-0.5%**

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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