

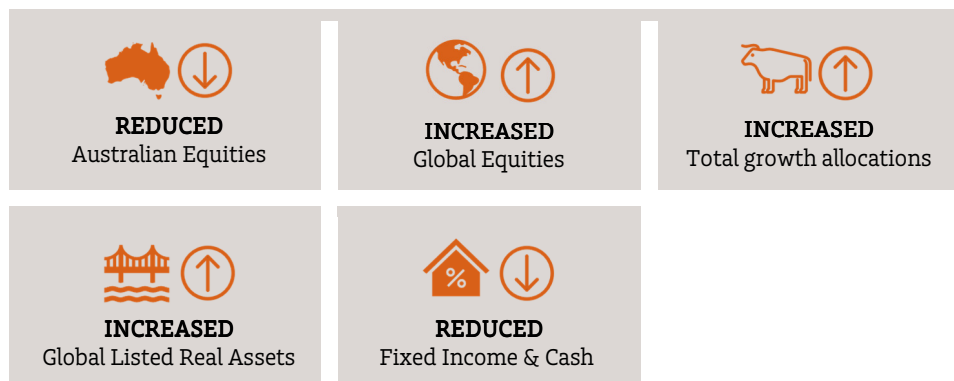
MLC Value Managed Accounts

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.



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 stimulate 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 alternative assets) now sit as follows:

Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
30% (+1%)	48% (+2%)	68% (+2%)	82% (+3%)	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.
- The reduction on investment grade credit is being funded entirely from the existing Janus Henderson Diversified Credit allocation, including its complete removal from the higher risk profile 70, 85 and 98 portfolios.
- The increase to unhedged global equities is directly being implemented through the existing iShares International Shares Index exposure.
- 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.

Is there an impact on portfolio fees?

These changes to asset allocation 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.

Value Series	Conservative 30	Moderate 50	Balanced 70	Growth 85	High Growth 98
Australian Equities		-2%	-2%	-2%	-1.5%
Passive Direct Shares		-2%	-2%	-2%	-2%
Vanguard Australian Shares ETF					+0.5%
Global Equities		+2%	+2%	+3%	+4%
iShares International Equity Index Fund		+2%	+2%	+3%	+4%
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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