



## MLC MultiActive Geared

MLC0449AU Author: Ian Cannon Published: 22 Apr 2026

Data is provided by the manager at 30 Jun 2025, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

### Product Review

#### About this Product

Investment manager	MLC Asset Management Services Limited
Benchmark	Lonsec Strategic Multi-Asset (Traditional) 100% Growth Index
Product structure	Managed Fund
Product size	\$296.00m
Inception date	Oct 2002
Asset class	Multi-Asset
Sector	>100% Growth Assets
Growth/defensive split	130/0
Peer group	Multi-Manager (Geared)
Rated peers	4

#### Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	Medium
Complex (RG240)	No
Strategy Remaining Capacity	Medium
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below median

#### Annual Fees and Costs (% p.a.)

Management fees & costs	1.11
Performance fee costs	0.03
Net Transaction Costs	0.08
Buy/Sell Spread	0.20/0.20
<b>Annual fees and costs</b>	<b>1.22</b>

Source: FE fundinfo, PDS Date: 30/Sep/2025

### Product Opinion

The Fund has maintained its **'Recommended'** rating. This rating reflects the high regard and conviction in the experience and calibre of the broader investment team and their ability to execute the investment process. The scale of the heritage businesses provides depth of expertise across the investment process.

The pending ownership approval to CC Capital is a watchpoint for the stability of the investment management business. The Fund has persistently underperformed against its Benchmark and the Lonsec strategic proxy benchmark across most rolling periods. Although there are processes in place, the use of related-party capabilities and perceived conflicts remains a watchpoint.

#### Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	—
ESG	●●●	↑
Product	●●●	—
Fees	●●●	—
Performance	●●●	↓

#### Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

#### Return Profile

Income		
Capital		
	Defensive	Growth

#### Strengths

- The Fund is managed by an experienced and well-led investment team.
- Breadth of resources and tools pertaining to manager research, asset allocation, performance analytics, governance and implementation teams.
- Robust and consistently applied investment process underpinning underlying manager selection and portfolio construction.
- Integration of the broader investment team is well-progressed to further enhance the Manager's investment capabilities.

#### Weaknesses

- The pending ownership approval to CC Capital is a watchpoint given its potential implications for the stability of the investment management business.
- Persistent underperformance against the Lonsec strategic proxy benchmark and the Fund's own SAA composite Benchmark across most rolling periods.
- Although processes are in place, using a related party creates the potential for conflicts of interest, which remains a watchpoint.
- The complexity of managing an extensive breadth of heritage products with varying objectives, although recent alignment of the asset class and trust structures has improved efficiency.

### Key Facts

#### Key Objectives

Investment objective	Aims to outperform the benchmark (before fees) over five-year periods.
Internal return objective	CPI + 5.0% (after fees) over seven-year periods
Internal risk objective	N/A

#### Asset Allocation (%) (as at 30/06/2025)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	50.00	35.00	65.00	48.90
International Equities	67.00	50.00	85.00	68.12
Listed Property	3.00	0.00	15.00	2.63
Listed Infrastructure	3.00	0.00	15.00	2.85
Alternative Assets	7.00	0.00	20.00	5.66
Others	0.00	0.00	15.00	-28.15
Total				100.00

#### Performance Analysis - annualised after fees at 31/12/2025

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	9.12	11.51	14.59	15.39	16.07	16.20	11.71	12.21
Standard deviation	10.03	9.49	8.82	9.16	10.18	10.37	11.97	11.97
Excess return (% p.a)	-4.71	-0.68	-1.93	0.48	-0.01	1.21	0.05	1.68
Outperformance ratio (% p.a)	41.67	45.83	45.83	54.17	50.00	54.17	51.67	60.00
Worst drawdown (%)	-8.21	-8.00	-8.21	-8.00	-8.59	-8.56	-19.85	-19.85
Time to recovery (mths)	3	-	3	-	2	-	10	10
Sharpe ratio	0.51	0.66	1.18	1.37	1.17	1.12	0.75	0.75
Information ratio	-1.51	-0.46	-0.61	0.35	-0.00	0.34	0.02	0.19
Tracking error (% p.a)	3.13	2.87	3.17	2.93	3.39	3.15	3.51	3.51

**Lonsec Peer Group:** Multi-Asset - >100% Growth Assets - Multi-Manager (Geared)

**Product Benchmark:** Lonsec Strategic Multi-Asset (Traditional) 100% Growth Index

**Cash Benchmark:** Bloomberg AusBond Bank Bill Index AUD

**Time to recovery:** NR - Not recovered, dash - No drawdown during period

#### Product Distribution Profile

Frequency	Annually
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	No

#### Rating History

29-Apr-2025	Recommended
02-Feb-2024	Recommended
20-Apr-2023	Recommended

#### Target Market Determination

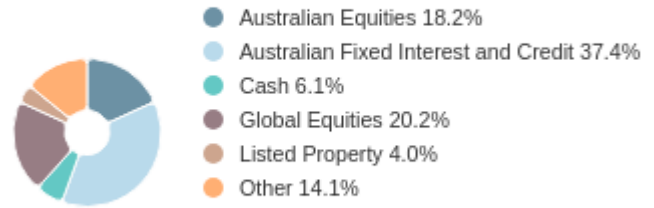
Produced by issuer	Yes
Provided to Lonsec	Yes

### Business ●●●

#### Facts

Investment Manager	MLC Asset Management Services Limited
Ultimate Parent Company	Insignia Financial Limited
Headquarters	Melbourne
Inception Date	Apr 1992
% Staff Ownership	0-10%

#### AUM



#### Governance

% Independent board members	75
% Female board members	25
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

#### Metrics

Total AUM	\$224.60b
Investment Management Headcount	200
Investment Professionals	49
Sales & Service	50
Distributor	Internal

#### Who is the Manager?

The Manager is part of the Insignia Financial Group of companies, comprising Insignia Financial Ltd and its related bodies corporate ('Insignia Financial'), which is listed on the Australian Stock Exchange (ASX code: IFL). Insignia Financial is a leading provider of wealth management services, including superannuation, platform administration, and investment management. The Manager has a long history in multi-asset investing, with total funds under management and administration ('FUMA') of \$342.00b as of December 2025. Over recent years, the Manager has expanded its business through acquisitions and integration of the heritage IOOF, OnePath and MLC multi-manager businesses. In July 2025, CC Capital entered into a Scheme Implementation Deed to acquire the issued shares of Insignia Financial, subject to relevant regulatory approvals, which are expected to be finalised in H1 2026.

## Lonsec Opinion

#### Profitability

The Manager is a leading Australian wealth management service provider and one of the largest multi-asset managers in Australia. The Manager is a large, profitable and well-capitalised business and is in a strong financial position at these levels of AUM with consistent profitability in recent times. The Manager also has a diversified asset base with a broad range of client types, which enhances the profitability profile. The profitability is expected to be supported by the impending CC Capital transaction, given the depth of resourcing available at the Parent Company level.

#### Business Track record

The Manager has a long and respected heritage in multi-asset investing, with a considerable track record in managing multi-asset, superannuation and passive strategies. The Manager has expanded its business through acquisitions and has demonstrated success in integrating the heritage IOOF, OnePath and MLC multi-manager companies in recent years, which is viewed positively. Although the transaction has not been finalised, there is a watch point on the potential organisational changes that may eventuate in future reviews.

#### Business Ownership

The Manager is wholly-owned by ASX-listed Insignia Financial Limited (ASX: IFL) with a market capitalisation of \$3.00b as of December 2025. At present, the senior members of the organisation own equity in the business, with the staff ownership estimated at 0-10%, which is relatively in line with other multi-asset peers. The business ownership structure is subject to change in future reviews, given the potential CC Capital transaction, which will culminate in private equity ownership with variability in holding periods.

#### Business Governance

The Manager has demonstrated multiple layers of compliance and risk monitoring, with oversight from multiple trustee boards, external board directors and separate audit committees. The Manager has not reported any regulatory findings in recent years. The governance structures across the heritage businesses continue to converge as the Manager undertakes the responsible entity consolidation process, albeit with some idiosyncrasies across each respective business.

### Team ●●●

#### Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Daniel Farmer	CIO	No	2021	29/15	29
Kerry Gill	Portfolio management	No	2006	23/20	23
Ben McCaw	Portfolio management	No	2008	21/17	21
Grant Mizens	Portfolio management	No	2006	19/19	19
Stanley Yeo	Portfolio management	No	2021	25/15	25

#### KDM Change\*

No changes.

\* Last 3 years

#### Profile

Size	50
Structure	Decentralised
Turnover	Medium

#### Alignment

KDM equity held in manager	No
KDM co-investment in strategy	No
Performance-Based bonus	Yes
Long term incentive plan	No

#### Resources

	Number	Average Years Experience
Key decision makers	5	25
Portfolio Managers	21	25
Hybrid portfolio manager/analysts	-	-
Dedicated analysts	11	14
Dedicated dealers	5	19
Quantitative	-	-
ESG/Sustainability	2	29
Macro	-	-
Investment Specialists	6	22

#### Who is the Team?

The broader MLC Asset Management Investment Team ('Investment Team') consists of 50 members, with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions. The key decision makers responsible for asset allocation across all portfolios are supported by the Sector Portfolio Management team for sector-specific manager research, the Derivatives team and the Investment Portfolio Analytics team. The investment team is also able to leverage the asset consultant capabilities of JANA in its research function.

The Investment Management Committee ('IMC' or 'IC') is responsible for overseeing and approving all investment decisions in the Fund, including inclusions and exclusions of underlying managers. The IMC comprises Anthony Hodges (Chairman, External member), Denise Allen, Mary-Anne Nunan (External), Dan Farmer, Stanley Yeo and Osvaldo Acosta.

## Lonsec Opinion

### Skill

The senior team members, including CIO, Farmer, are highly experienced with the appropriate skillset to manage the multi-asset and single-sector portfolios. Farmer is supported by Yeo as the Head of Diversified Portfolio Management - Wholesale, and Grant Mizens as the Head of Diversified Portfolio Management - MasterTrust - Choice. There are meaningful synergies realised from the breadth of resources and significant collective industry experience of the combined businesses. The broader investment team has depth of expertise within investment management, asset allocation and risk management capabilities.

### Team Size

The investment team is well-resourced and is one of the largest teams in the multi-asset space. The team resourcing benefits from the conglomeration of resourcing across the heritage IOOF, OnePath and MLC businesses. The investment team also leverages the research capabilities of its asset consultant in JANA, which enhances the team's resourcing and supports the broader research offering. The investment team continues to experience some residual turnover, albeit this is markedly lower than in previous years.

### Track Record/Co-Tenure

The senior members have long co-tenures at their respective heritage businesses. Although the co-tenure of the combined investment team continues to develop following the acquisition, the team's integration is well-progressed with continued stability. Moreover, the combined heritage businesses can leverage the large scale and resources available to the investment team. There is a watch point on the co-tenure and track record in future reviews, given the impending CC Capital takeover, which has the propensity to increase organisational uncertainty.

The IC members have remained largely the same through the consolidation process and have a long cumulative co-tenure. There is the potential for some changes given the Responsible Entity consolidation process moving forward.

### Alignment

The alignment of interest with investors is considered to be stronger than that of peers. The majority of the remuneration is directly linked to the three-to-five-year performance of the multi-manager range of funds, with a deferral component that promotes further alignment across the team. The broader Insignia organisation represents a fully aligned remuneration structure across the different businesses, albeit with a watchpoint on the remuneration structure, given the potential corporate actions with the Parent Company.

### Key Person Risk

The Key Person Risk ('KPR') is considered to be relatively lower than peers and centered primarily on the key decision makers due to their extensive experience and leadership of investment strategies. There is some KPR with Farmer, given his oversight as CIO and long tenure within the broader organisation. Positively, the risk is partially mitigated by the team-based decision-making approach, extensive resources and the use of the deeply resourced asset consultant capabilities.

#### What is the Investment Process?

The asset allocation process combines strategic asset allocation ('SAA') with shorter-term active asset allocation ('DAA'), using cyclical and fundamental insights to optimise portfolio positioning against the risk/return objectives.

The SAA is the main driver of returns and is typically reviewed every two-to-three years, and is based on long-term capital market assumptions and scenario-based modelling implemented by the Asset Allocation Group, Asset Allocation Forum and external asset consultant inputs. The shorter-term target asset allocations are adjusted using cyclical influences such as economic, valuation, policy and market dynamics to add value relative to the SAA.

The Manager applies two core frameworks to enhance asset allocation and responsiveness: The Valuation, Fundamental, Policy, Dynamics ('VFPD') model and the Investment Futures Framework. The VFPD model provides short-to-medium term asset class views based on a four-factor approach, whilst factoring into the formation of asset allocation decisions more broadly. The Investment Futures Framework uses forward-looking, scenario-based modelling to assess asymmetric risks and returns across asset classes. These approaches guide decision-making through market cycles, endeavouring to keep portfolio positioning responsive to market changes via real-time asset class ranking changes.

The Sector Portfolio Management team constructs the asset classes predominantly using external managers. External managers are sourced using external databases, market contacts and advice from the asset consultant. The internal team undertakes its manager research, with asset consultant inputs.

Investment governance is enacted through the IC, which oversees all major aspects of the investment process. IC approval is required at key points, such as SAA or external manager changes.

### Lonsec Opinion & Supporting Facts

#### Philosophy and Universe

Investment Style	Multi Manager
Asset Allocation Approach	Strategic Asset Allocation and Dynamic Asset Allocation
Sector Exposure	Active
Available Universe	Cash, Private Debt, Insurance-Related Investments, Listed Infrastructure, Unlisted Infrastructure, Listed Property, Unlisted Property, Australian Shares, Global Shares, Emerging Market Shares

The investment approach is based on a well-defined SAA in conjunction with a discretionary DAA process within clear growth/defensive boundaries, targeting highly active managers across diversified asset classes. The strategy represents the Manager's best ideas in manager selection and asset allocation across a broad spectrum of asset classes. The Manager's philosophy is consistent with the Fund's risk and return objectives. The exposures include traditional liquid asset classes in conjunction with alternatives and unlisted assets to maximise risk-adjusted returns. A modest amount of gearing is applied to liquid equities to enhance returns.

#### Research Process

Idea generation	Investment Team, Consultants and Economic Research
SAA review frequency	Annually
DAA/TAA signals	Investment Cycle Clock, Economic Data, Valuation and Behavioural Factors (Sentiment, Technical)
Managers actively tracked	500
External consultant	JANA

The Manager implements a robust and consistently applied investment process underpinning manager selection and portfolio construction functions. The SAA process is fundamentally based and supported by a disciplined and dynamic framework for instantaneous asset class assessment via the VFPD model, which is expected to improve the risk/return outcome for investors.

The manager research process, which considers both quantitative and qualitative factors, is detailed and transparent. The Manager uses its deep resourcing and asset allocation breadth, which allows access to a wide range of investment opportunities to deliver wider sources of alpha.

There is an ongoing flow of ideas from the individual sector specialists who are responsible for constructing the individual sleeves of the portfolio, portfolio managers and the Manager's consultant, JANA. The underlying funds have undergone a review and multiple layers of oversight from the investment team and asset consultants, with the IMC ultimately approving the manager inclusions. The depth and breadth of JANA's asset allocation capabilities and manager coverage are viewed positively. The Manager has access to sophisticated tools and systems to manage these multi-manager portfolios.

### Process (continued) ●●●

#### Portfolio Construction

Portfolio decision making	Team based
Approach to benchmark	Benchmark Aware
Targeted tracking error	N/A
Typical number of managers	45
Use of mandates	Yes
Use of alternatives	Yes
Use of unlisted assets	Yes
Allocation to related/affiliated exposure	Yes

The portfolio is constructed with a higher active exposure across various esoteric asset classes, which results in a higher fee budget. The Fund has a target gearing level of 30% with the mandate permitting a maximum loan-to-value ratio of 135%.

The strategy is considered to be adequately diversified given the breadth of asset classes and sources of alpha, including unlisted assets and alternatives. The Manager also uses derivatives to supplement the strategic overlay process as an exposure and risk management tool, with encouraging results.

The underlying managers are typically accessed via separately managed accounts, enabling the Manager to tailor mandates to its requirements. In addition, this structure can facilitate tighter portfolio construction, efficient implementation, better product design control, better pricing opportunity and improved tax efficiency for investors.

The Manager has displayed buy/sell discipline in manager selection, where funds have undergone a rigorous review process by the MLC and JANA investment teams and have received approval from the MLC IC. The underlying manager mix currently uses related-party managers. The use of related-party capabilities may potentially compromise objectivity in the decision-making process, although the Manager has demonstrated the willingness to terminate related-party capabilities where warranted.

#### Capacity Management

Although the AUM is relatively large, the Fund is a highly diversified multi-manager structure spanning several asset classes. There may be particular asset classes with enhanced capacity considerations given the nature of the Manager's scale.

#### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	FactSet and Barra
Security Limits (Min./Max.)	Not Applicable
Rebalancing bands	+/-2% (Soft)
Max illiquid	30%
Gross exposure range	Max 135%

The structure of the risk management functions is well embedded within the investment process. The risk management process is a staple of the portfolio construction process via the scenario-based framework. This directly feeds into the asset allocation framework and ensures that risk analysis and stress testing are at the forefront of portfolio construction.

Although the process is continually evolving, given the broader organisational consolidation, the Manager has integrated compliance systems that enable ongoing monitoring of underlying mandates to be implemented to ensure compliance with predefined guidelines. The Manager closely monitors manager portfolios and weightings daily and investigates any excess return outliers exceeding the 99% confidence level, which adds rigour.

The monitoring and compliance functions conducted by separate teams are considered to be thorough and at the higher end of the peer group. The Fund's investment guidelines, well-defined asset class ranges and limits are well-suited to ensuring the portfolio maintains appropriate diversification.

#### Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	Low Carbon or Climate
Non-financial objective	None

#### What is the Manager's ESG approach for this product?

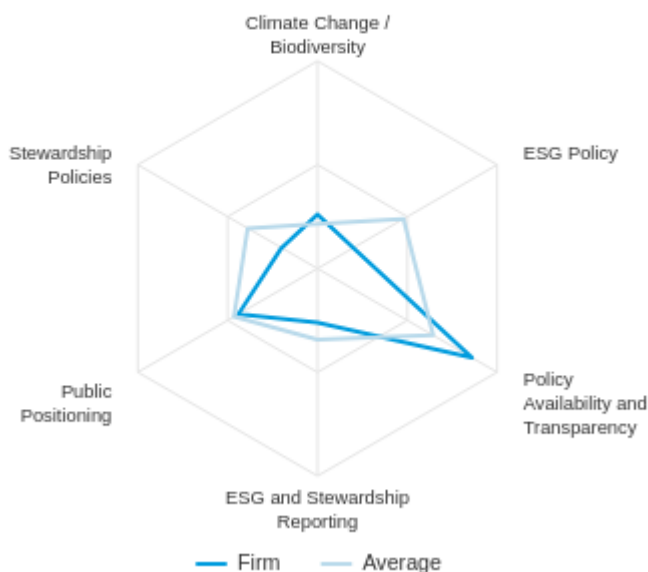
The Manager has indicated that its Responsible Investment style is 'ESG Integration' and, as such, Environmental, Social, and Governance factors are considered when assessing investment opportunities. With a primary ESG style of 'Risk or Value', managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG companies may be included if the return potential is sufficient, and this may conflict with some clients' perceptions of what a strong ESG process would deliver.

### Lonsec Opinion & Supporting Facts

#### Overview

ESG Process Score	Mod
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

#### ESG Snapshot



#### Product Level Approach

The Manager uses ESG data in a size and style-appropriate manner, with multiple providers accessed. There is evidence of ESG screens and the incorporation of minimum standards and climate risk into the capital market assumptions for this product. While elements of ESG integration are undertaken in underlying asset classes, there is no clear ESG integration at the overall portfolio level. While there are some minimum documentation requirements for manager selection, there are limited requirements for ESG incorporation. There are low thresholds for minimum standards, minimal policy requirements and little monitoring undertaken at the underlying manager level. The Manager provides little evidence of a structured engagement prioritisation process, albeit with appropriate engagement tracking and storage. The Manager provides adequate transparency and portfolio oversight for investors.

#### Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required, thus, the product's risk of misalignment has been assessed as N/A.

#### Manager Level Approach

The Manager demonstrates a commitment to ESG integration, supported by a public policy framework. The Responsible Investment policy and related disclosures are relatively high level, with limited detail on how ESG considerations are applied in manager selection. Proxy voting is generic and expectations around ESG or shareholder resolutions are not clearly articulated; voting activity is disclosed without detailed rationales. Engagement is briefly addressed in the Responsible Investment policy, with no articulated objectives, priority themes, or formal escalation process. Climate change is referenced as a relevant risk within ESG assessments and due diligence, and there is some recognition of transition considerations, though formal targets or detailed commitments are limited.

### Product ●●●

#### Service Providers

Responsible entity	MLC Investments Limited
Investment manager	MLC Asset Management Services Limited
Sub-investment manager	N/A
Custodian	BNP Paribas
Administrator	MLC
Fund Auditor	KPMG
Change in Key Providers? (Over last 12 months )	No

#### Product Details

Product size	\$296.00m
Fund 12-month net flows	Positive
Distribution model	Internal
Buy/sell spreads	0.20%/0.20%
Net transaction costs	0.08
Product type	Registered Managed Investment Scheme (Unitised)
Unlisted asset valuation frequency	Quarterly
Valuation externally audited	Yes

#### What is the Product Structure?

The Fund is a multi-asset, multi-manager strategy that invests across a range of growth and defensive asset classes via several underlying managers. The Fund is a registered managed investment scheme ('MIS') for which MLC Asset Management Services Limited is the responsible entity (the 'RE'), a related entity. The RE is responsible for operating and managing the MIS, holds an AFSL and as such is required to comply with its AFSL and RE obligations as outlined under the Corporations Act.

### Lonsec Opinion

#### Service Providers

The Manager uses institutional-grade service providers. The RE has built experience in operating and managing a number of schemes over an extended period of time and is expected to have a governance framework in place to deal with any perceived conflicts of interest.

#### Wind-up Risks

At the current levels of AUM, the Fund's wind-up risk is considered to be low, given it is amongst the largest in the multi-manager, multi-asset universe. Further, there is strong support from Insignia's extensive distribution network, which mitigates the wind-up risk.

#### Operational 'Red Flags'

The multi-manager strategy is not considered operationally challenging to implement. The Fund has allocations to other diversifying assets, including insurance-related investments, private equity, specialty finance and private assets, which are likely to increase the proportion of illiquid assets. The Manager has appropriate safeguards in place to manage illiquidity risk with defined limits. There remain differences in custodial services and settlement pricing between heritage offerings, which may culminate in performance differentials between identical offerings sharing the same building blocks over the short-term.

### Fees ●●●

#### Annual Fees and Costs (% p.a.)

Management fees & costs	1.11
Performance fee costs	0.03
Net Transaction Costs	0.08
Buy/Sell Spread	0.20/0.20
<b>Annual fees and costs</b>	<b>1.22</b>

Source: FE fundinfo, PDS Date: 30/Sep/2025

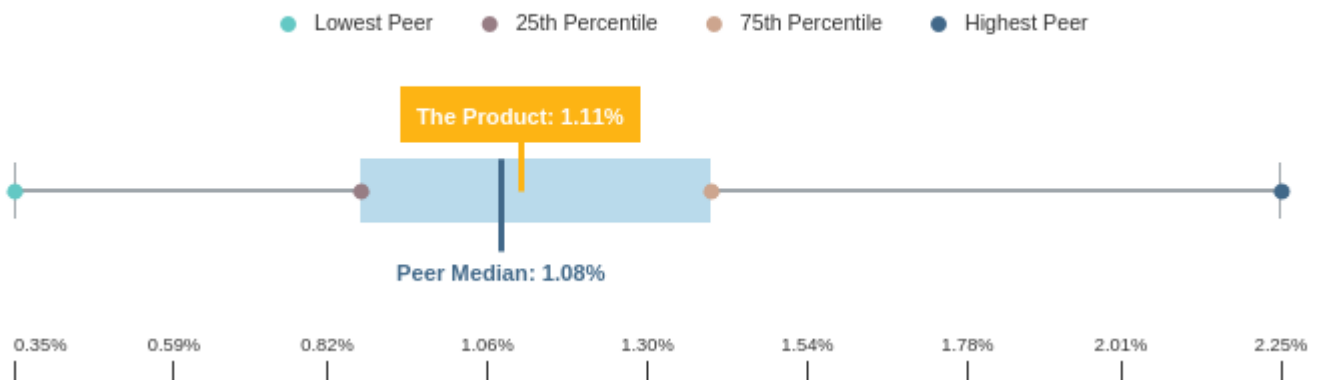
#### Performance Fees

Applicable	No
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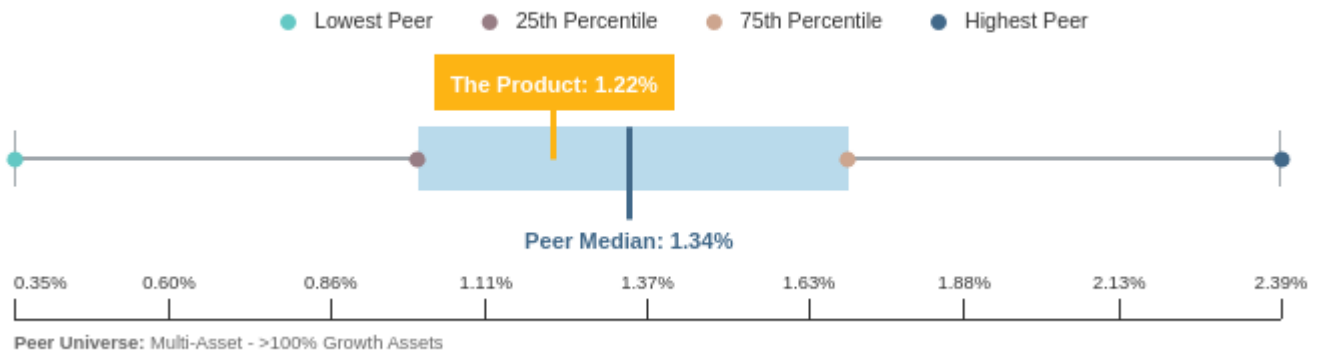
#### Fees Explained

The Fund applies a flat management fee, transaction costs with a bid/offer spread. No performance fees are applied by the Fund directly. The Fund can pass on a performance fee if the underlying managers within the strategy charge performance fees.

#### Management Fees and Costs Peer Comparison



#### Annual Fees and Costs Peer Comparison



## Lonsec Opinion

#### Annual Fees and Costs

The annual fees and costs are moderately lower than the peer median, although there are inherent differences in gearing ratios across the offerings within the peer group.

#### Fairness

The Fund's fairness is considered to be moderate, given that the strategy uses a 30% gearing level on the Fund's assets. The fairness is also supported by asset classes such as direct property, private equity, insurance-related investments and alternatives, as well as several lower active risk strategies to lower the costs.

### Performance ●●●

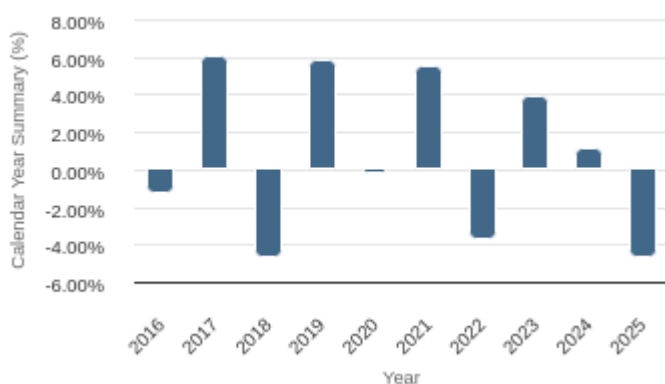
#### Performance Summary

PDS return objective	Aims to outperform the benchmark (before fees) over five-year periods.
Internal return objective	CPI + 5.0% (after fees) over seven-year periods
Internal risk objective	N/A
Product benchmark	Lonsec Strategic Multi-Asset (Traditional) 100% Growth Index
Lonsec peer group	Multi-Manager (Geared)

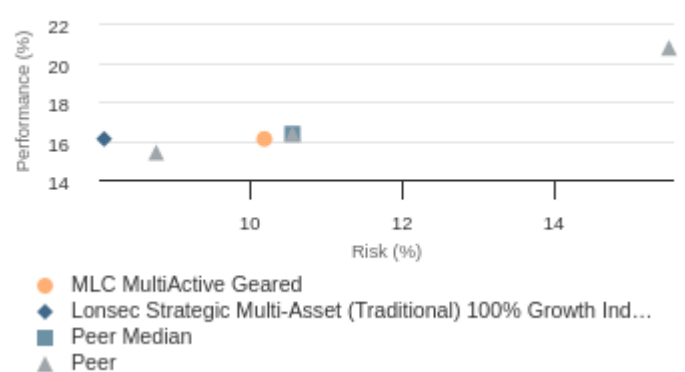
#### Alpha Generation

The Fund's track record of alpha generation has been relatively low, although there are no direct comparables given the Fund's idiosyncratic gearing ratio. The Fund has demonstrated persistent underperformance relative to its Benchmark, a composite reflecting the SAA of the Fund, and the Lonsec strategic proxy benchmark. The Fund has achieved its CPI-outperformance objective, but this is a relatively modest objective given the level of gearing applied. Manager alpha / manager selection in Global Equities and Australian Equities has been the main detractor of performance, while positive attribution has come from Alternatives.

Calendar Year Excess Return



3 Year Risk and Return



#### Alpha Consistency

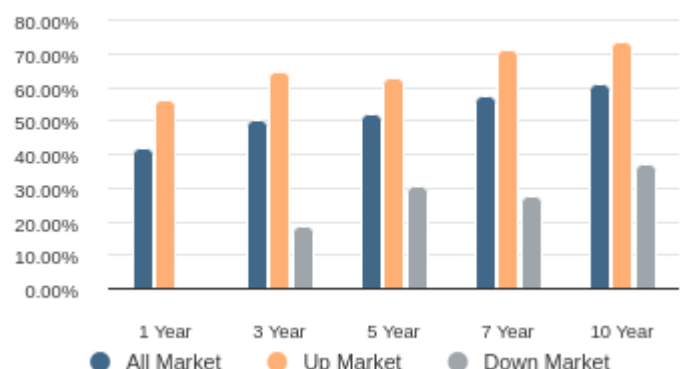
The Fund's alpha consistency has been low, as it has persistently underperformed its Benchmark and the Lonsec strategic proxy benchmark, although has achieved its internal CPI outperformance objective. The Fund has also underperformed the peer median.

The Fund's Growth of \$10K Chart underscores the lagging consistency relative to the Lonsec strategic proxy benchmark, whilst outperforming peers. The Fund's consistency of returns has exhibited stronger performance in Down-Markets relative to Up-Markets. The marked underperformance of the growth assets in the portfolio has negatively impacted the Fund's performance in recent years.

Growth of \$10,000 Over 10 Years



Returns Consistency

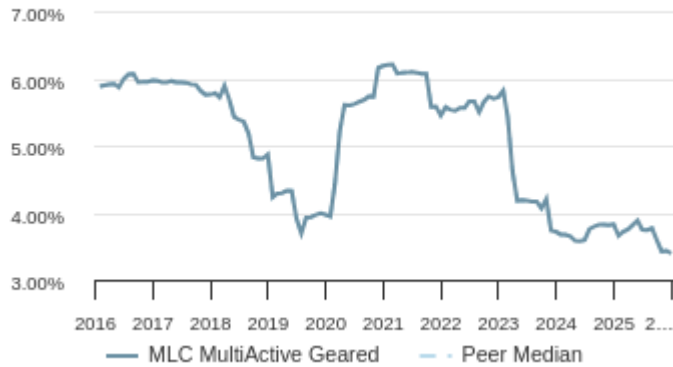


### Performance (continued) ●●●

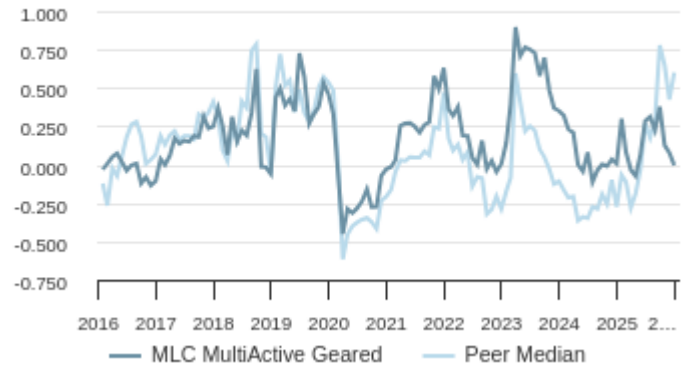
#### Benchmark Relativity

The Fund's rolling three-year tracking error has been consistently in line with the peer group median, whilst declining in recent years. The Fund's rolling three-year information ratio has been lower than the peer median in recent times, whilst being in line over the medium and long-term. The absolute magnitude is broadly in line with zero, which indicates a moderate reward for activeness.

3 Year Rolling Tracking Error Over 10 Years



3 Year Rolling Information Ratio Over 10 Years



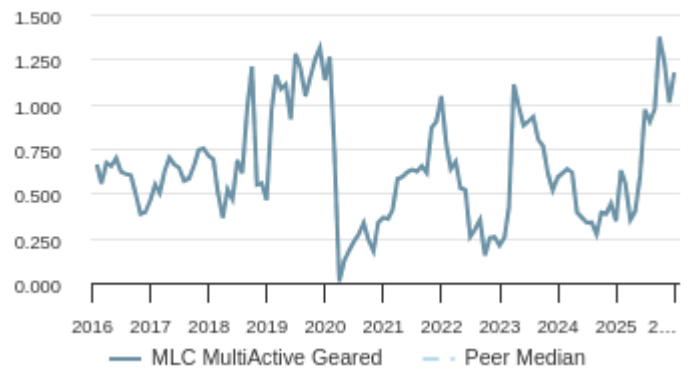
#### Return Volatility

The Fund's rolling three-year volatility and the rolling three-year Sharpe ratio have been in line with the peer median across most rolling periods. The Fund's volatility profile has been higher in absolute terms, which ultimately reflects the high-beta and active risk approach to constructing the portfolio.

3 Year Rolling Standard Deviation Over 10 Years



3 Year Rolling Sharpe Over 10 Years



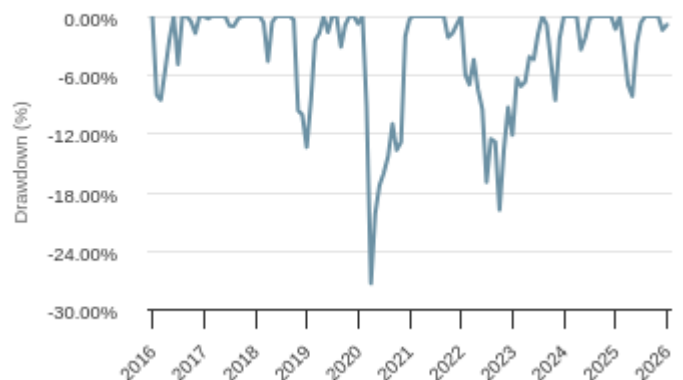
#### Product Defensiveness

The Fund's worst drawdowns have consistently been in line with the peer median across all rolling periods. The Fund's downside capture ratio has consistently been meaningfully above one, which reflects the higher levels of gearing ratio. The Fund's defensiveness is not a strong feature of this strategy, given the high levels of gearing.

Market Capture Ratio



Drawdowns



## Ratings

'**Highly Recommended**' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'**Investment Grade**' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.

'**Not -Approved**' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'**Closed / Wind Up**' status is applied when the product has been closed.

'**Fund Watch**' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The '**Screened Out**' rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'**Discontinued Review**' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The '**Ceased Coverage**' status is applied when a rated product is withdrawn from the research process by the product issuer.

## General

**Climate Change / Biodiversity:** the extent to which a manager has a leading climate and biodiversity policies.

**ESG and Stewardship Reporting:** the transparency, accessibility and usefulness of a manager's reporting.

**ESG Policy:** the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

**Excess return:** Return in excess of the benchmark return.

**Information ratio:** Relative reward for relative risk taken (Excess Returns / Tracking Error).

**Key decision maker (KDM):** A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

**Market capture ratio:** A product's performance during either 'up' or 'down' market trends relative to an index.

**Policy Availability / Transparency:** the ease of public access to, and transparency of, a manager's overall ESG policy suite.

**Public Positioning:** the resolve of a manager's commitment to ESG as ascertained by their public positioning.

**Returns consistency:** The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

**Sharpe ratio:** Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

**Standard deviation:** Volatility of monthly Absolute Returns.

**Stewardship Policies:** the strength of a manager's proxy voting and engagement policies with respect to ESG.

**Time to recovery:** The number of months taken to recover the Worst Drawdown.

**Total return:** 'Top line' actual return, after fees.

**Tracking error:** Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

**Worst drawdown:** The worst cumulative loss ('peak to trough') experienced over the period assessed.

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## Lonsec Research FSG Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

### 1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

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- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

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## Lonsec Research FSG (continued)

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#### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000

Tel: 1300 826 395

Email: [complaints@lonsec.com.au](mailto:complaints@lonsec.com.au)

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Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

#### Mail:

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne, Victoria, 3001.

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