

## MLC Index Plus Conservative

Rating issued on 30 Sep 2025 | APIR: MLC7849AU

### Investment objective

To meet its benchmark return (before fees) over rolling five-year periods.

Manager	MLC Asset Management
Distributor	MLC Asset Management
Sector	Multi-Asset \ Balanced
Investment Style	Multi-Manager
RI Classification	Aware
Absolute Risk	High
Relative Risk	Active - Strategic AA Focussed
Investment Timeframe	5-6 Years
Zenith Benchmark	Diversified Market Balanced Benchmark
Min Investment Amount	\$500,000
Redemption Frequency	Daily
Income Distribution	Quarterly
Fund Size (31 Aug 2025)	\$976.10M
Management Cost	0.29% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.10% / 0.10%
Inception Date	14 Jul 2017

### Fund facts

- SAA comprising 49% exposure to defensive assets and 51% exposure to growth assets
- Multi-manager approach operating within a differentiated investment futures framework
- Strong capabilities across capital markets and specialist asset class research

### Viewpoint

The Fund, managed by MLC Asset Management (MLCAM), is a low-cost multi-manager offering that invests across a range of growth, defensive and alternative-based assets. Combining a strategic and dynamic asset allocation process (SAA and DAA), MLCAM seeks to outperform the Fund's benchmark and deliver attractive risk-adjusted returns. In our opinion, MLCAM combines an intuitive top-down process with its ability to build diversified and niche asset class exposures, positioning the Fund as an attractive option in the 'Low Cost' segment.

The team is led by Dan Farmer, Chief Investment Officer (CIO) and comprises 49 professionals, split across Melbourne and Sydney. Zenith considers Farmer to be a high quality CIO, with the ability to add value from active asset allocation and bottom-up, manager selection through the use of sector teams.

The portfolio is managed by Co-Heads Choice Diversified Portfolios, Ben McCaw and Grant Mizens. McCaw is a long-standing member of the team and contributor to MLCAM's investment futures framework (IFF) and broader top-down positioning. Zenith highlights McCaw's strong macroeconomic skills and ability to map the output of the investment futures framework to portfolio themes and asset class positioning.

The portfolio is managed with a SAA process, which is expected to drive the majority of performance (approximately 80% of the expected return). To capture markets deviating from fair value and the tendency to mean revert over the short to medium-term, a DAA process is employed, which can result in opportunistic asset allocation changes.

The DAA process is implemented via a suite of market aware indicators, which are designed to identify potential mispricings over a one to three year timeframe. The DAA signals, collectively referred to as the 'VFPD' framework, seek to identify cheap assets that are trading away from fair or intrinsic value, and supported by positive fundamentals such as improving inflation and leading growth and cycle indicators.

In addition, an Investment Futures Framework (IFF) is used to identify and explore a range of potential economic and macro 'scenarios', which can be used to adjust portfolio allocations through a 'risk lens'. The scenarios are assigned probability weightings based on the team's qualitative view of the likelihood of each occurring and are further grouped into buckets such as strong growth, weak growth, disinflation and middle ground.

Zenith highlights that the VFPD and IFF approaches are complementary, achieving diversification across a range of valuation inputs and investment horizons. Intuitively, the IFF tends to generate early 'risk reducing' signals, particularly if the VFPD models are being driven by momentum and sentiment-based factors, which can be effective in tempering 'risk on' positions.

The portfolio managers have a wide remit to capture different style and risk premia through the sector structuring process, including value, size, quality and illiquidity (subject to restrictions). Further, within asset classes, the Fund accesses specialist building blocks such as emerging market equities, extended credit and insurance-related investments (IRIs) exposures.

In terms of asset class exposures, a combination of smart beta and passive strategies are employed in the growth sectors, while active management is more common across defensive asset classes. Zenith is supportive of the level of 'activeness' embedded in the approach, noting MLCAM's ability to package a number of diversified return sources within a tight, fee-constrained budget.



## Fund analysis

### Fund characteristics

Constraint	Value
Defensive assets	
Cash	SAA = 14%
Fixed income	SAA = 35%
Total defensive assets	SAA = 49%
Growth assets	
Australian equities	SAA = 19%
Global equities	SAA = 24%
Listed property	SAA = 3%
Listed infrastructure	SAA = 2%
Alternatives	SAA = 3%
Total growth assets	SAA = 51%

### Investment objective and philosophy

The Fund's aims to provide a return that meets a weighted composite benchmark of indices based on the Fund's SAA over rolling five-year periods.

MLCAM aims to achieve the objective by actively managing risk at a portfolio level, including lowering risk when market conditions are assessed to be extreme. As a consequence, the performance may vary from the benchmark, particularly during strongly rising markets (i.e. underperform) and falling markets (i.e. outperform).

The strategic asset allocation (SAA) process is expected to drive the majority of performance, accounting for greater than 80% of the expected return. However, MLCAM also recognises that markets can reach extremities in both over-valuation and under-valuation, and at different points in the cycle, these markets have a tendency to mean-revert. To capture this effect, a dynamic asset allocation (DAA) or strategic tilting process is employed, which can result in deviations from the long-term target.

#### SAA

The SAA setting process is performed on an annual basis, using a multi-stage process, with the first step involving a review of the existing SAA relative to the Fund's investment objectives, starting with a re-validation of long-term asset class assumptions.

Each asset class is screened with respect to the suitability of current capital market assumptions (CMAs) and the potential for asymmetric risks to impact future return paths. A mix of qualitative and quantitative inputs are used to test the existing SAA and its likelihood for meeting the return objective. Active tilts can be implemented to capture both valuation dislocations and also other factor exposures, such as quality tilts or small caps in equities, or high yield credit strategies in fixed income.

The output of the SAA process and any proposed recommendations are discussed with the Portfolio Manager

and formally proposed to the MLC Investment Committee (MLCAM IC) via a governance paper for approval.

#### DAA

On a monthly basis (or more frequently if required), an Asset Allocation Group (AAG), comprising the CIO and Portfolio Managers, meet to discuss views on asset allocation, market valuation, fundamentals and market sentiment. Based on the output of this meeting, DAA positions are enacted with the purpose of capturing price adjustments where mispriced markets are expected to mean revert.

The DAA process is implemented via a suite of market aware indicators, which are designed to identify potential mispricings over a one to three year timeframe. Combining a range of valuation, fundamental, policy and market dynamics factors, signal output is distilled into a set of asset class scorecards, resulting in an overall conviction score and also normalising risk and return to assist the AAG with applying a relative value assessment.

The DAA signals, collectively referred to as the 'VFPD' framework, seek to identify cheap assets that are trading away from fair or intrinsic value, and supported by positive fundamentals such as improving inflation and leading growth and cycle indicators. Importantly, the model includes a market awareness component, which formally scores investor positioning, flows and market sentiment.

Zenith highlights that MLC's top-down framework has evolved in recent years, most notably, the ability to systematise key inputs and combine historical signals alongside a suite of leading indicators enhancing the timing and precision of the DAA process, as well as the ability to navigate dislocated markets.

In addition, an Investment Futures Framework (IFF) is used to identify and explore a range of potential economic and macro 'scenarios', which can be used to adjust portfolio allocations through a 'risk lens'. A set of 'Scenario Projections' are developed which cover a range of inflation and growth-related states, and pre-defined market events/conditions (e.g. oil price shock, China and emerging market risk). The scenarios are assigned probability weightings based on the team's qualitative view of the likelihood of each occurring and are further grouped into buckets such as strong growth, weak growth, disinflation and middle ground.

In our opinion, the IFF is complementary to the broader DAA process, enabling the portfolio management team to define potential scenarios and generate scenario-specific views on asset class performance and potential changes in correlations between markets.

In sum, Zenith considers the asset allocation process to be well-structured and applied in a consistent manner. The process incorporates a range of inputs over different investment horizons, albeit, the team's qualitative judgement ultimately determines positioning.

### Portfolio applications

The Fund provides investors with low-cost exposure to a diversified portfolio of growth, defensive and alternative assets and strategies. Its targeted asset mix comprises a 49%/51% split between defensive and growth assets.



The Fund is considered suitable for investors with a moderate risk tolerance, seeking investment returns that comprise both income and capital growth. With risks inherent in a number of the underlying asset classes, Zenith considers an appropriate investment horizon to be five years and longer.

The investment mandate is broad with the investment team permitted to gain exposure to alternative assets and strategies. Zenith considers the Fund suitable as a standalone investment, or as a complement to a broader portfolio that seeks to produce outcomes consistent with an investor's risk/return preferences.

The Fund has a Standard Risk Measure (SRM) of four to five negative annual returns over any 20-year period. This SRM is published in the Fund's current Product Disclosure Statement (PDS) and was last calculated in 2023 by MLCAM based on the FSC/ASFA recommended methodology.

### Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
Negative screens**	Full/Partial
Tobacco	Full
<b>PRI Status</b>	
PRI Signatory	No

\*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

\*\*Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.



# Absolute performance

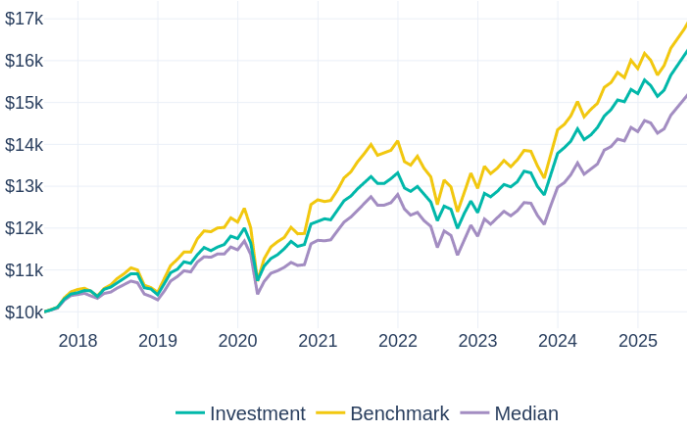
## Performance as at 31 Aug 2025

### Monthly performance history (% , net of fees)

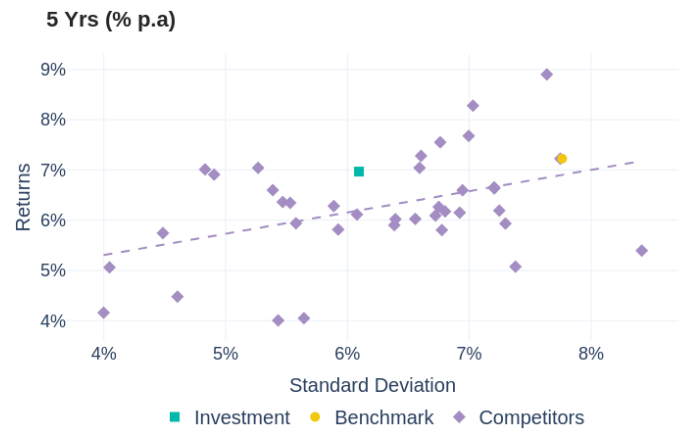
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2025	2.13%	-0.86%	-1.67%	0.97%	2.36%	1.54%	1.39%	1.53%					7.55%	7.73%
2024	1.00%	1.09%	2.10%	-1.78%	0.81%	1.23%	1.89%	1.07%	1.54%	-0.28%	1.95%	-0.64%	10.36%	10.19%
2023	3.72%	-0.64%	1.04%	1.26%	-0.44%	0.94%	1.92%	-0.30%	-2.42%	-1.58%	4.00%	3.63%	11.45%	10.82%
2022	-2.72%	-0.62%	0.91%	-1.38%	-1.49%	-3.55%	2.86%	-0.59%	-3.68%	3.01%	2.38%	-2.20%	-7.14%	-8.08%
2021	0.51%	-0.20%	1.82%	1.88%	0.87%	1.33%	1.15%	1.13%	-1.23%	0.01%	0.86%	1.05%	9.53%	11.13%

\*Diversified Market Balanced Benchmark

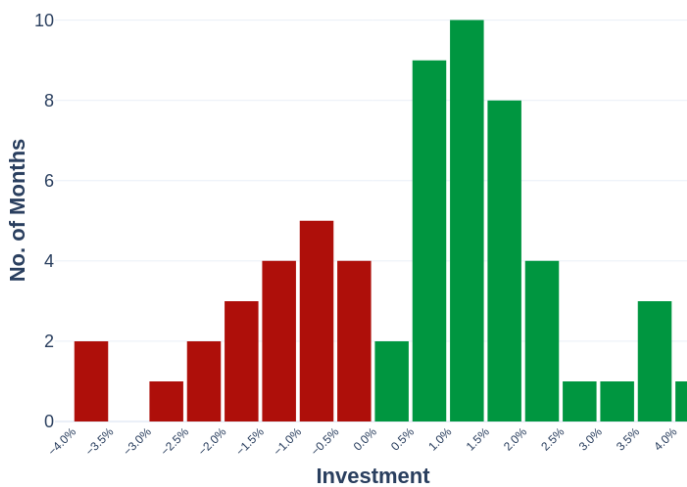
### Growth of \$10,000



### Risk / return



### Monthly histogram



### Minimum and maximum returns (% p.a.)





## Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
<b>Investment</b>	<b>10.32%</b>	<b>9.54%</b>	<b>6.97%</b>	<b>5.96%</b>	<b>6.28%</b>
Income	4.72%	3.11%	3.30%	3.24%	3.19%
Growth	5.59%	6.42%	3.67%	2.73%	3.09%
<b>Benchmark</b>	<b>10.06%</b>	<b>9.47%</b>	<b>7.22%</b>	<b>6.38%</b>	<b>6.81%</b>
<b>Median</b>	<b>9.55%</b>	<b>8.92%</b>	<b>6.45%</b>	<b>5.17%</b>	<b>5.38%</b>
<b>Cash</b>	<b>4.25%</b>	<b>4.00%</b>	<b>2.47%</b>	<b>2.11%</b>	<b>2.08%</b>

## Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	8 / 41	9 / 40	8 / 39	10 / 36
Quartile	1st	1st	1st	2nd

## Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
<b>Standard Deviation (% p.a.)</b>					
Investment	4.43%	6.19%	6.09%	6.69%	6.30%
Benchmark	5.51%	7.53%	7.76%	8.61%	8.10%
Median	4.18%	6.32%	6.37%	6.84%	6.42%
<b>Downside Deviation (% p.a.)</b>					
Investment	2.00%	3.40%	3.52%	4.52%	4.23%
Benchmark	2.84%	4.34%	4.65%	5.95%	5.55%
Median	1.88%	3.58%	3.80%	4.74%	4.42%

## Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
<b>Sharpe Ratio (p.a.)</b>					
Investment	1.37	0.89	0.74	0.58	0.67
Benchmark	1.05	0.73	0.61	0.50	0.58
Median	1.27	0.78	0.62	0.45	0.52
<b>Sortino Ratio (p.a.)</b>					
Investment	3.03	1.63	1.28	0.85	0.99
Benchmark	2.05	1.26	1.02	0.72	0.85
Median	2.83	1.37	1.05	0.64	0.75

Zenith benchmarks Funds in the 'Multi-Asset – Balanced' peer group against the Zenith Composite Balanced Benchmark. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

The Fund's investment objective is to meet its benchmark return (before fees) over rolling three-year periods. The benchmark is a weighted composite of indices based on the Fund's SAA.

All commentary below are as at 31 August 2025.

The Fund has outperformed Zenith's assigned performance benchmark over shorter time periods, whilst underperforming over the long-term. In peer relative terms, the Fund has consistently ranked in the upper quartiles of the peer group.

The Fund's volatility, as measured by standard deviation, has been below that of the median manager and Zenith's assigned benchmark over all periods of assessment.



## Relative performance

### Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Excess Return	0.26%	0.06%	-0.26%	-0.41%	-0.53%
Monthly Excess (All Mkts)	50.00%	50.00%	46.67%	44.05%	41.24%
Monthly Excess (Up Mkts)	25.00%	29.17%	23.08%	21.82%	21.21%
Monthly Excess (Down Mkts)	100.00%	91.67%	90.48%	86.21%	83.87%

### Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Downside Capture	65.89%	74.15%	71.99%	74.48%	74.55%
Upside Capture	89.33%	88.44%	83.16%	82.14%	82.48%

### Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	1.33%	1.66%	2.05%	2.30%	2.17%
Median	1.54%	1.39%	1.65%	2.03%	1.93%

### Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	0.20	0.04	-0.13	-0.18	-0.24
Median	-0.33	-0.40	-0.47	-0.59	-0.74

### Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Beta	0.79	0.81	0.77	0.77	0.77
R-Squared	0.98	0.98	0.97	0.97	0.97
Correlation	0.99	0.99	0.98	0.99	0.99

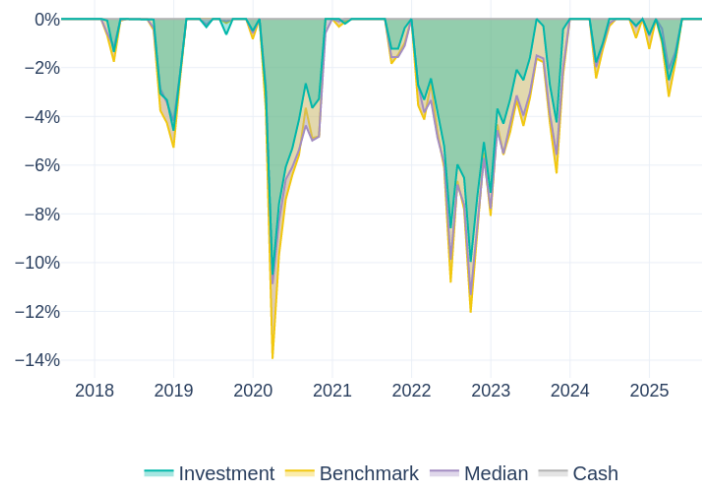
All commentary below are as at 31 August 2025.

Zenith seeks to identify funds which can outperform their index in greater than 50% of months in all market conditions as we believe this represents a persistence of manager skill.

The Fund has struggled to generate outperformance in 'all market' conditions of greater than 50% of months since inception and over the medium term. Notwithstanding this, the Fund has demonstrated stronger performance in 'down' markets.

### Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below are as at 31 August 2025.

The Fund's drawdown profile has been more constrained in comparison to that of Zenith's assigned performance benchmark and the median manager within the peer group.



## Fund commentary

### Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

**Key person risk:** Zenith deems CIO, Dan Farmer to be integral to the operation and refinement of MLCAM's investment process. His departure would be deemed material and warrant a reassessment of our rating.

**Mandate risk:** The Fund's investment mandate is relatively wide, providing MLCAM with ample scope to implement its targeted portfolio. This may result in Fund performance deviating from that of its SAA and competitors, which may be either to the benefit or cost of investors.

**Illiquidity risk:** The Fund holds an exposure to illiquid assets in the alternatives sector. In a stressed market environment, there is a risk that the mark-to-market value of the assets may not reflect their intrinsic value or that they could be liquidated in a timely manner. This could be to the detriment of performance.

### Security/asset selection

Employing a multi-manager approach, identifying and selecting high-quality managers is a core component of the investment process. MLCAM undertakes an annual review of the underlying sector trusts, to ensure that the manager line-up is appropriate and new candidates are considered. Each sector portfolio manager is responsible for selecting managers and negotiating commercial agreements, with oversight and leadership from the CIO.

The initial manager universe is filtered based on the portfolio's underlying requirements, a positive view from MLCAM's primary consultant, JANA and the manager having sufficient capacity to meet its growth requirements. If a manager does not have an external rating, it may be considered if it is assessed to have a competitive advantage.

To select managers, a traditional set of criteria are employed, which includes an assessment of the organisation, the quality of the investment team, the coherence of the investment process and the performance of the fund/strategy relative to its objectives and peer group. The review also includes a fee negotiation, and a manager's willingness to enter into an Investment Management Agreement (IMA) and Service Level Agreement (SLA) on terms that meet its requirements.

Zenith highlights that MLCAM sector structuring ability is a key competitive advantage, extending across manager selection and the ability to capture excess returns from a range of sub-asset class exposures. For example, capturing the small cap risk premia in domestic and global equities, accessing emerging market equities and bonds and innovative smart beta and portable alpha solutions, have been used to generate additional asset class alpha.

Specialist teams are responsible for identifying and selecting investment opportunities across private debt, alternatives and real assets (including listed property and listed infrastructure), which form part of the Fund's illiquid exposures. Within each vertical, individual investments are subject to detailed due diligence and presented to specialist investment committees (IC) for review and approval.

If a manager passes through the due diligence phase, the portfolio manager will prepare a detailed due diligence report that addresses the above-mentioned criteria. The report is peer reviewed by the CIO and broader team, with a potential for further research and analysis to be undertaken. MLCAM's Investment Operations team also reviews the report to ensure compatibility with the reporting and pricing framework. Once complete, the report is finalised and proposed to the MLCAM IC for approval.

In Zenith's opinion, the manager selection process is detailed and applied in a disciplined manner, leveraging internally-generated insights and those of its primary consultant, JANA. The team's ability to capture excess returns at the asset class level and harvest a range of diversifying return streams has contributed to attractive risk-adjusted returns over the long-term.

### Responsible investment approach

MLCAM is yet to become a United Nations Principles for Responsible Investment (PRI) signatory. Notwithstanding this, it maintains an established Responsible Investment Policy (RIP) that has been ratified by the MLCAM Responsible Entity and was last updated in May 2024.

Using a multi-manager investment approach, MLCAM's environmental, social and governance (ESG) policies are largely implemented via its appointed investment managers. Prior to appointing a manager, the team performs a detailed review of their ESG approach and philosophy, focusing on the level of integration with the broader process. This is formalised with a specific ESG clause that is included in all Investment Management Agreements (IMAs) requiring managers to apply due care and diligence in considering ESG matters. Furthermore, all investment mandates include a hard tobacco manufacturer exclusion.

In terms of adherence to its policies, MLCAM performs ongoing monitoring in collaboration with JANA who formally rate each manager's ESG processes. Further, MLCAM continues to work with its underlying managers regarding the provision of ESG reporting.

In addition to the team's surveillance, MSCI ESG quality scores are measured on a periodic basis and used to cross-reference the qualitative input from managers, whilst also providing a lead indicator on potential ESG deterioration. Furthermore, a Carbon Foot Print estimate (e.g. Weighted Average Carbon Intensity tons CO<sub>2</sub>e / \$M sales) is reported on a quarterly basis and used as part of MLCAM's ongoing monitoring.

In Zenith's opinion, MLCAM's ESG approach is well-developed, effectively leveraging the firm's resources and further augmented by the ESG capabilities of its external consultants.



## Portfolio construction

The portfolio construction process is overseen by the MLCAM IC which is responsible for ratifying changes to asset allocation and manager selection. On a day-to-day basis, the portfolio managers are responsible for managing the portfolio, with Farmer retaining the final veto on all portfolio decisions. Zenith notes that Farmer promotes a collaborative and consensus-based approach, which in our opinion, further strengthens the investment process.

Each of the underlying sector funds are constructed by the responsible portfolio manager, under the direction of McCaw and Mizens, and subject to the MLCAM IC approval process. Over time, the number of sector building blocks has increased, with more bespoke sub-strategies added, such as opportunistic capital solutions and insurance related investments.

As detailed earlier, the underlying asset allocation is based on the long-term SAA and the tilts identified through the DAA process. The latter are generated by the output of the VFPD and IFF models, which identify potential mispricings based on a range of valuation, fundamental and potential economic scenarios.

Zenith highlights that the VFPD and IFF approaches are complementary, achieving diversification across a range of valuation inputs and investment horizons. Intuitively, the IFF tends to generate early 'risk reducing' signals, particularly if the VFPD models are being driven by momentum and sentiment-based factors, which can be effective in tempering 'risk on' positions.

FactSet-based scenario testing is conducted to provide an independent assessment of MLCAM's scenario-based analysis. Outcomes that exhibit conflicting results will be investigated and clearly understood, with a test for market liquidity and transaction costs also applied (across both normal and extreme markets).

The team is able to draw on the resources of an Exposure Management and Trading team, with Cliff Bayne, Head of Derivatives, responsible for derivatives implementation and developing downside protection strategies. These can be expressed across equities, currencies and fixed income, albeit with a focus on controlling the cost drag resulting from these strategies. These positions are subject to pre-approved risk limits and applied to calibrate the broader views of the team with the output of the DAA process.

Zenith highlights that MLCAM's ability to design cost-effective, hedging strategies and create asymmetric return outcomes is a key strength relative to the broader peer group. Most notably, the ability to use these strategies in conjunction with the DAA process and create ex-ante ranges and outcomes for managing risk has contributed to the strategy's attractive risk-adjusted returns.

The rebalancing range is set at +/- 2% at an operational level and is managed by MLCAM's Investment Operations Division, in consultation with the investment team. On a daily basis, each portfolio's asset allocation is compared to its target asset allocation, and if the allocations falls outside of the range, the Portfolio Manager will determine the the most efficient rebalancing mechanism (i.e. via cash flows or physical redemptions).

Zenith considers MLCAM's portfolio construction approach to be sound, effectively combining its longer-term process with a mix of VFPD, scenario-based model with market-based insights.

## Risk management

Risk management is ingrained in the investment process at multiple levels, with the experience of the portfolio management team providing the first layer of risk mitigation. MLCAM's also leverages the resources of Mercer and JANA, who perform risk management analysis as part of its due diligence process.

The primary risk tools used by MLCAM's include Bloomberg Port and FactSet, which are used to monitor risk and produce a range of measures. These include traditional volatility and risk-adjusted metrics (e.g. Sharpe, Treynor and Information Ratios) and other portfolio-level risk measures.

This risk analytics is formally reported to the IC on a bi-monthly basis, who will also monitor the information on a more frequent basis.

Zenith highlights that the risk management architecture is well-developed, particularly with respect to aggregating and assessing risk on a portfolio-wide basis. Through Bloomberg Port and FactSet, MLCAM has the functionality to measure cross-asset class risk, including holdings-based information across the majority of the portfolio, including fixed income.

Stress testing is performed using both historical and forward-looking analysis. In a historical context, the portfolio is stress tested against major market events to assess how the existing portfolio would perform through these regimes. In terms of the portfolio's private asset holdings, these are also subject to detailed liquidity scenario testing.

Zenith considers MLCAM's risk management framework to be sound, noting the continued advancements in its ability to manage portfolio-wide risk.

## Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.29% p.a.	0.76% p.a.
Management Fees and Costs	0.29% p.a.	0.69% p.a.
Transaction Costs	0.00% p.a.	0.05% p.a.
Performance fees as at 30 Jun 2024	0.00%	0.03%
Performance fees description	N/A	
Management Cost	0.29% p.a.	0.63% p.a.
Buy / Sell spread	0.10% / 0.10%	0.11% / 0.10%

*All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).*

The sector average (in the table above) is based on the average management fee of all flagship 'Multi-Asset - Balanced' funds surveyed by Zenith. The list of funds includes actively managed, benchmark aware and index funds.



Zenith notes that the Fund's management cost structure is lower than the broader peer group and representative of the Index Plus approach.

*(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform).*

## About the fund manager

### Organisation

Insignia Financial Limited (Insignia) is a diversified financial services business, listed on the Australian Securities Exchange (ASX: IFL) and comprises the following divisions: Advice; Wrap; Master Trust and Asset Management. Each division includes a range of separately-branded businesses that operate as autonomous entities.

In July 2025, Insignia entered into a Scheme Implementation Deed with US-based private equity firm, CC Capital, which has agreed to acquire all of its shares, subject to regulatory and shareholder approval. The acquisition is expected to be finalised during the first half of 2026.

In Zenith's opinion, while the pending change of ownership has the potential to create instability across the investment team, we are confident that the firm's strategic direction will be maintained and incentive structures implemented to retain key investment talent.

Insignia's multi-manager capability, MLC Asset Management (MLCAM) encompasses a range of investment capabilities including multi-asset and single-sector managers, across a range of asset classes and strategies.

In Zenith's opinion, MLCAM's multi-asset platform continues to evolve with significant expertise across asset allocation, manager selection and specialist asset classes such as private equity (PE), real assets and alternative income. Further, the platform benefits from the resources of the broader organisation including governance functions and non-investment services such as compliance, human resources, operations and distribution.

As at 30 June 2025, MLCAM's multi-manager business managed approximately \$A 92 billion across a range of diversified and single sector funds. At the same date, this included \$A **tbc** billion in this Fund.

### Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Dan Farmer	Chief Investment Officer	27	14	Melbourne, Australia
Ben McCaw	Co-Head Choice Diversified Portfolios	22	17	Sydney, Australia
Grant Mizens	Co-Head Choice Diversified Portfolios	19	19	Sydney, Australia

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Kerry Gill	Fund Strategist	23	20	Sydney, Australia
Stanley Yeo	Head of Strategy & Equities	24	15	Melbourne, Australia

The team is led by Dan Farmer, Chief Investment Officer (CIO) and comprises 49 professionals, split across Melbourne and Sydney. Farmer has been the CIO of MLCAM (previously IOOF) since 2017, having originally joined the firm in 2010 to manage an Australian equities portfolio.

Prior to MLCAM, Farmer was a Portfolio Manager at Telstra Super, responsible for overseeing a portfolio of domestic equities. Zenith considers Farmer to be a high quality CIO, with a proven ability of leading the firm's asset allocation processes and supporting the sector teams to build innovative asset class exposures.

The investment team is broadly divided into functional divisions, with specialist teams responsible for managing diversified portfolios (including index plus, low cost and fully active) and sector teams that oversee specialist portfolios in fixed income, private equity, real assets and alternatives. Further, an Exposure Management and Trading team, led by David Djukanovic, is responsible for portfolio implementation and developing downside protection strategies, under the direction of the Portfolio Construction team.

The portfolio is managed by Co-Heads Choice Diversified Portfolios, Ben McCaw and Grant Mizens. McCaw is a long-standing member of the team and contributor to MLCAM's investment futures framework and broader top-down positioning.

Zenith highlights McCaw's strong macroeconomic skills and ability to map the output of the investment futures framework to portfolio themes and asset class positioning. Similar to McCaw, Mizens is a long-tenured member of the team, leading the research agenda and producing quantitative insights that further strengthen the investment process.

Remaining members of the portfolio management team include Kerry Gill, Fund Strategist and Anthony Golowenko, Lead Portfolio Manager. Zenith highlights the breadth of experience across the portfolio management team, which extends across sell side research, academia and traditional investment consulting.

The key investment decision-making body for MLCAM's Low Cost suite is the MLCAM Investment Committee (IC). Chaired by Farmer, the MLCAM IC consists of five voting members, including Simon Elimelakh (External Consultant), Bayne, Steven Gamerov (Head of Diversified Portfolio Management, Default), Gareth Abley (Head of Alternatives), McCaw and Mizens (who share one vote). The MLCAM IC is responsible for ratifying changes to asset allocation and manager selection, ensuring all relevant stakeholders have input into the process.

MLCAM's remuneration policy is structured to align staff interests with that of investors. With an emphasis on longer-term performance, staff are assessed based on a combination of individual and team performance measures. The variable



element is entirely performance based, taking into consideration the contribution over rolling one, three and five-year periods.

Furthermore, performance is measured against peers and an appropriate hurdle rate. The variable component is a major contributor to overall remuneration (but varies as a percentage from employee to employee), with a component subject to a medium-term vesting period. Zenith believes the remuneration policy is competitively structured.

In Zenith's opinion, MLCAM is well-resourced with strong capabilities across capital markets research, manager selection and specialist asset classes including alternatives, real assets and private equity (PE) capabilities. The level of asset class specialisation is a strength of the platform, with MLCAM complementing traditional multi-asset resourcing, with dedicated teams responsible for managing discrete portfolios and generating asset class insights.

## About the sector

### Sector characteristics

The Multi-Asset sector comprises funds that are permitted to invest across multiple asset classes and investment strategies. Traditionally, asset class exposures have included equities, fixed interest, property and cash. However, in more recent times, Zenith has observed a greater preparedness by sector participants to incorporate alternative assets and strategies within their targeted asset mix. Included amongst these are real assets (i.e. direct property and infrastructure), commodities and private market exposures (i.e. private equity and private credit). Innovation has also been observed in terms of sector structuring and tail risk hedging strategies, with the goal of building more resilient, all-weather portfolios.

Zenith categorises funds in the 'Multi-Asset – Balanced' peer group (greater than 40% exposure to growth assets and up to 60%) based on our collective assessment of their targeted asset mix and actual portfolio holdings. Funds within this category are benchmarked against the Zenith Composite Balanced Benchmark, which has a defensive/growth split of 40%/60%. The exact composition of this benchmark is provided below:

**Cash:** Bloomberg AusBond Bank Bill Index (2%)

**Australian fixed interest:** Bloomberg AusBond Composite 0+ Yr Index (17%)

**International fixed interest:** Bloomberg Global Aggregate Index Hedged \$A (17%)

**Alternatives (defensive):** HFRX Global Hedge Fund Index \$A (4%)

**Australian equities:** S&P/ASX 300 Index (29%)

**International equities (unhedged):** MSCI World ex-Australia Unhedged Index (11.25%)

**International equities (hedged):** MSCI World ex-Australia Hedged Index (11.25%)

**Australian listed property:** S&P/ASX 300 A-REIT Index (2.25%)

**Global listed property:** FTSE EPRA Nareit Developed Rental Index TR Hedged \$A (2.25%)

**Alternatives (growth):** HFRX Global Hedge Fund Index \$A (4%)

To provide greater insight into a Fund's risk/return profile, Zenith decomposes targeted exposures between two broad categories – growth and defensive. While we are cognisant that our designation of asset class exposures between these categories may vary from that defined by the manager, we have sought to adopt a common methodology to ensure consistency in the assessment of like strategies across Zenith's universe of rated funds. Further detail on the Fund's targeted asset mix is provided in the 'Fund characteristics' section.

### Sector risks

There exist a number of risks that are generally common amongst all Multi-Asset funds. These include:

**Market risk:** In periods of heightened risk aversion, it is feasible that asset class correlations merge. Should this occur, the diversification benefits brought through the construction of a portfolio comprising multiple lowly correlated asset classes may be lost, potentially exposing investors to a broader deterioration in market conditions.

**Currency risk:** Sector participants may be permitted to gain international exposures on an unhedged basis. The decision whether or not to hedge is often deemed active in nature and can expose investors to fluctuations in cross-currency rates. This may be either to the benefit or cost of Fund volatility and performance.

**Emerging market risk:** Many sector participants gain exposure to emerging and frontier markets, which bring with them additional risks. These may include reduced liquidity, a more opaque pricing mechanism, increased sovereign risk and political tensions.

**Alternatives risk:** A growing number of funds have investment mandates that permit a meaningful exposure to alternative assets and strategies. Investors should be aware that the use of alternatives can bring with them additional risks.

**Illiquidity risk:** While most sector participants will seek to retain high levels of liquidity, it is feasible that a fund may retain exposure in assets that are deemed illiquid or subject to irregular pricing policies. It may be difficult for an investment manager to subsequently liquidate such portfolio positions without incurring meaningful transaction or other performance related costs.

## Administration and operations

Responsible Entity	MLC Investments Limited
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## Zenith rating

### Report certification

Date of issue: 30 Sep 2025

Role	Analyst	Title
Analyst	Rodney Sebire	Head of Alternatives & Global Fixed Interest
Sector Lead	Rodney Sebire	Head of Alternatives & Global Fixed Interest



## Association & relationship

ASIC Regulatory Guide RG79.164 requires Research Houses to disclose certain associations or relationships that they may have with a product issuer. We may receive remuneration from an issuer or investment manager for subscription to our other research/ data services or the research/ data services of our related entities. Conflict management arrangements are in place where we or our related entities provide research services to the product issuer or financial advisory businesses who provide financial planning services to investors and are also associated entities of product issuers. This is in accordance with the Zenith Group's Conflict of Interests Policy. Further details in relation to our relationships and associations are available on request.

## Rating history

As At	Rating
30 Sep 2025	Recommended
25 Sep 2024	Recommended
28 Sep 2023	Recommended
11 Apr 2023	Recommended
29 Sep 2022	Recommended
17 Jun 2022	Recommended
30 Sep 2021	Recommended
30 Sep 2020	Recommended

*Last 5 years only displayed. Longer histories available on request.*

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.



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This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

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