MLC Real Return Assertive

ASSET MANAGEMENT

Targeting returns above inflation while managing market uncertainty

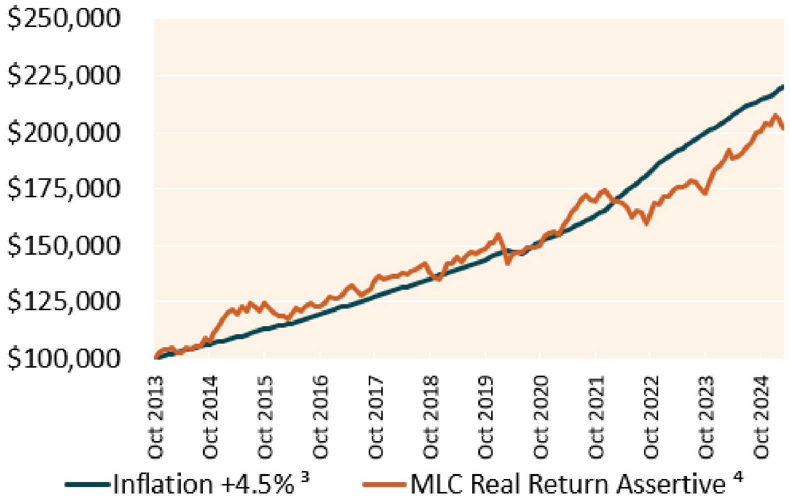
Data updated to 31 March 2025

ARSN: 117 295 315 APIR code: MLC0667AU ASX mFund code: MLC03

Fund performance

	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)	Since inception on 5 Dec 2005 (%pa)
Income return	**0.0**	**6.4**	**5.0**	**5.3**	**4.5**	**5.7**	**5.8**
Growth return	-0.9	-1.6	1.0	1.9	1.3	-0.5	0.2
Total net return[1]	**-0.9**	**4.8**	**6.0**	**7.2**	**5.8**	**5.2**	**6.0**
Inflation[2,3] +4.5%	1.8	6.7	8.8	8.3	7.7	7.3	
Excess return	**-2.7**	**-1.9**	**-2.8**	**-1.1**	**-1.9**	**-2.1**	

Value of $100,000 invested



Performance relative to its objective

Performance relative to investment objective

The portfolio's objective is to deliver a return of 4.5% pa above inflation (after management costs), subject to limiting the risk of negative returns over 7 year periods. Generating returns above inflation requires the portfolio to invest at least partly in risk assets such as shares. As a result, there will be times when the portfolio doesn't deliver its return objective, and the portfolio may fall in value. However, we aim for the portfolio to have less than a 15% chance of a negative return over a 7 year period. To control the risk of negative returns we flexibly adjust the portfolio's asset allocation, investing in a combination of assets that provide an attractive potential return for the risk taken.

Over the 7 years to 31 March 2025 the portfolio has underperformed its objective by -1.9% pa due to our positioning to protect the portfolio from negative returns.

Past performance is not a reliable indicator of future performance. Returns are not guaranteed and may vary from any target described in this document.

[1] Net returns are calculated after deducting management fees and assume reinvestment of all distributions.

[2] The measure of inflation is the Consumer Price Index (CPI), calculated by the Australian Bureau of Statistics. A proxy CPI value has been calculated for the most recent quarter as the official number was not available at the time of publication.

[3] The portfolio's performance objective changed from gross of fees to net of fees from 1 October 2019. We have applied the new objective since inception.

[4] The chart commences in 2013, rather than the portfolio's inception date, because in 2013 we reduced the time frame of the portfolio's investment objective from 20 years to 7 years. This change resulted in a reduction in the portfolio's volatility which is relevant to how the portfolio continues to be managed.

MLC Real Return Assertive

Data updated to 31 March 2025

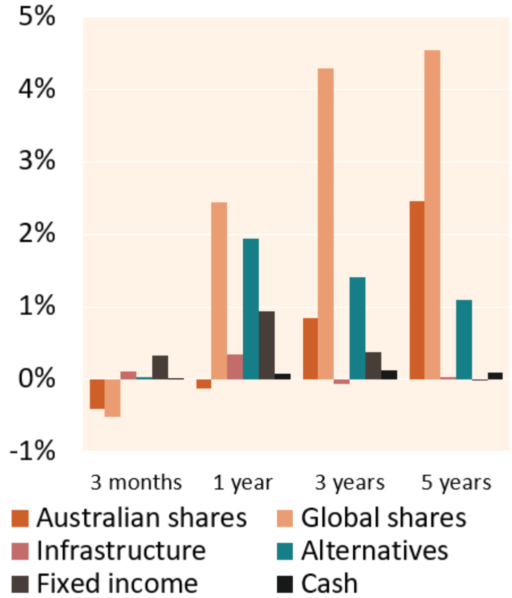
ASSET MANAGEMENT

Contributors to portfolio returns

Performance drivers for the quarter are:

- There were weak returns in **Australian shares** (-2.4%) and **global shares** (-1.7%).
- The exposure to **listed infrastructure** (+5.1%) and **private equity** (+2.0%) within Alternatives, generated generated positive returns.
- Within Fixed income, exposure to short-maturity bonds and corporate bonds contributed positively to performance. The **short maturity strategy** returned +1.6% and **extended credit strategy** returned +1.2%.

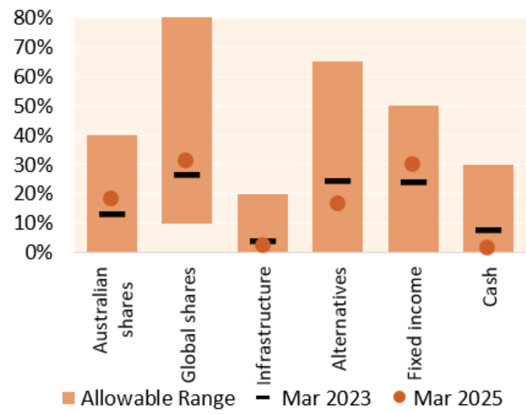
Note: Strategy returns and asset class contributions are before deducting fees.



Portfolio positioning

The portfolio has flexible asset allocations with few constraints which enable us to target tight control of risk over each portfolio's time horizon. The portfolio's main positions are:

- A relatively high level of diversified market exposure spread across traditional shares and fixed income assets. These exposures are supplemented by alternative sources of return such as **private equity, MLC opportunistic capital solutions and insurance-related investments**. We also maintain cost conscious hedging that should offset losses in the event that diversification fails.
- We have a defensive orientation to both the **Australian and global share** exposures. The strategies are invested in what we believe are higher quality companies protected with a level of additional risk control by hedging part of the strategy against large losses. Our focus on quality and the hedging overlay reduces the risk of large negative returns in falling markets at the expense of participating in speculative markets.
- Within our **derivatives and currency strategies** we hold an exposure to Australian nominal government bonds to add additional duration. With yields elevated compared to the recent past, bonds once again provide diversification against growth risk. The derivatives strategy also holds an exposure to emerging markets.
- **Inflation-linked bonds** provide important inflation protection, reducing the portfolio's exposure to inflationary risks and protecting against expectations of lower economic growth.



Further Information

Visit our website at mlcam.com.au/MLCWholesale for additional information including:

- The latest news and insights from our investment experts.
- The core of any successful investment is a clear investment philosophy. MLC's investment philosophy defines the kind of investor we are and, most importantly, how we manage your money.