



Dear Investor,

New asset classes and Performance fees impacts for MLC Wholesale Horizon 2-7 and MLC Wholesale Inflation Plus portfolios

From **30 September 2022**, there will be some key changes to some of our investment portfolios:

- We regularly review the investment strategies of our portfolios to ensure they're achieving their investment objective and providing you with the best financial outcome. As a result of the review, we're introducing two new asset classes across some of our portfolios which will also impact the performance related costs for these portfolios.
- We also need to tell you about industry-wide changes to fees and costs disclosure.

What is changing?

New strategic asset allocations

We're introducing Private equity and Infrastructure into the strategic asset allocation across our MLC Wholesale Horizons 2-7 and MLC Wholesale Inflation Plus portfolios:

- Private equity involves investments in privately-owned businesses that aren't listed on securities exchanges.
- Infrastructure involves investments in businesses that own, operate, and maintain a diverse range of infrastructure assets such as toll roads, rail facilities, telecommunications networks, and airports.

We consider investing in these two new asset classes will improve diversification which should reduce short-term volatility. And we believe they will improve the returns for the investment portfolios.

There are no changes to the investment objectives or to the management fees we charge for the portfolios.

The new private equity investments have performance related costs associated with them which the private equity investment managers only charge if their performance exceeds a specified level and not if it doesn't, providing an incentive for them to deliver better returns.

Fees and costs disclosure

In the current PDS, Performance related costs are disclosed as a component of indirect costs and based on the prior year's experience. From 30 September 2022, as a result of changes to ASIC's fees and costs disclosure regime, they will instead be disclosed separately from indirect costs and referred to as a Performance fee in the PDS. Performance fees will be calculated by reference to the average of the last five years' experience where available or for new arrangements, will use a reasonable estimate for the current financial year, adjusted to reflect a 12-month period.

Understanding the performance related cost impact

The changes in Strategic asset allocations and estimated Performance fees will be reflected in the new PDS available from 30 September 2022 on mlcam.com.au/MLCWholesale/pds.

The tables below demonstrate the estimated impact of these changes on Performance fees by showing:

- The Performance related cost as disclosed in the current PDS based on current Strategic asset allocations, and
- the Performance fee as disclosed in the new PDS based on the new Strategic asset allocations.

MLC Wholesale Horizon 2-7 portfolios

Portfolio	Performance related costs (% pa) as per current PDS	Estimated Performance fee (% pa) as per new PDS
MLC Wholesale Horizon 2 Income Portfolio	0.04%	0.05%
MLC Wholesale Horizon 3 Conservative Growth Portfolio	0.04%	0.06%
MLC Wholesale Horizon 4 Balanced Portfolio	0.04%	0.09%
MLC Wholesale Horizon 5 Growth Portfolio	0.03%	0.08%
MLC Wholesale Horizon 6 Share Portfolio	0.03%	0.07%
MLC Wholesale Horizon 7 Accelerated Growth Portfolio	0.02%	0.08%

MLC Wholesale Inflation Plus portfolios

Portfolio	Performance related costs (% pa) as per current PDS	Estimated Performance fee (% pa) as per new PDS
MLC Wholesale Inflation Plus Conservative Portfolio	0.11%	0.06%
MLC Wholesale Inflation Plus Moderate Portfolio	0.06%	0.07%
MLC Wholesale Inflation Plus Assertive Portfolio	0.05%	0.10%

Do you need to do anything?

You don't need to do anything. However, you may wish to take this opportunity to review your investment options to ensure they continue to meet your circumstances and needs.

We're here to help

If you have any questions, please contact our Client Services team on 1300 738 355, Monday to Friday, between 8:30am and 5:30pm (Sydney time) or client.services@mlcam.com.au. We also provide the latest information on the portfolios on our Fund Profile Tool, available at mlcam.com.au/MLCWholesale. It's an easy to use, interactive tool that gives you insight into how your money is managed including where your money is invested, current investment managers and how your investments are performing.

Yours sincerely,



Amna Khan
GM Product, MLC Asset Management
26 August 2022

This is intended to provide general information only and has been prepared by MLC Investments Limited (MLCI) ABN 30 002 641 661 AFSL 230705 without taking into account your objectives, financial situation or needs.

References to 'we', 'us', or 'our' are references to MLCI. MLCI is the responsible entity of the MLC Wholesale portfolios. MLCI is part of the group of companies comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group)