Media Release

MLC's MySuper Growth Portfolio - top quartile performance

- MLC's MySuper Growth Portfolio[1], redesigned in 2019 as part of a lifecycle investment strategy, is one of the top performing MySuper products for its one and three-year return[2], according to the latest SuperRatings Fund Crediting Rate Survey[3]
- MLC's MySuper Growth Portfolio is the only retail superannuation portfolio to feature in the top-quartile and top 10 of performers in the latest SuperRatings Fund Crediting Rate Survey

2 September 2022

MLC, a market leading provider of super solutions in Australia backed by over 130 years of experience, reports that its MySuper Growth Portfolio has achieved top quartile performance and top 10 position over the one and three-year periods to the end of June 2022, according to the latest SuperRatings Fund Crediting Rate Survey (Survey).

Members in MLC MySuper Growth have received a positive return of 5.29% p.a. over three years to 30 June 2022, with the portfolio returning -1.42% for the 2022 financial year following a strong return of 20.27% in the 2021 financial year.[4]

The MLC MySuper Growth portfolio was the only retail superannuation portfolio to feature in the top quartile of the Survey.

Steve Gamerov, Head of Diversified Portfolio Management at MLC, said: "This result is testament to the successful redesign and enhanced resilience of our MySuper Growth product and supports our flexible and responsive investment approach, which is designed to successfully nurture members' super over the long haul.

"We redesigned our MySuper product three years ago to give our members' funds access to a wider set of unlisted and alternative assets, which complement listed shares exposure.

"Unlisted assets make up about 30% of the MLC MySuper Growth portfolio and strong returns from our private equity, real estate and infrastructure investments, as well as alternative fixed income exposures have underpinned portfolio resilience over the past three years of market gyrations.

"In our view, this combination, along with dynamic risk management and 'participate and protect' derivatives-based strategies provides us with the flexibility to protect portfolios from various market risks, such as last year's outbreak of inflation, while positioning them to benefit from the long-term capital appreciation power of growth assets."

MLC's MySuper offering uses a combination of the three investment portfolios – MySuper Growth, MySuper Conservative Growth and MySuper Cash Plus – to provide a mix of growth and defensive assets.

[1] MLC MySuper uses a combination of the three investment portfolios (MySuper Growth, MySuper Conservative Growth, MySuper Cash Plus), to provide a mix of growth and defensive assets which changes depending on your age. When you're under age 55 you'll be 100% invested in MySuper Growth.
[2] MLC MySuper Growth Portfolio option compared to the SuperRatings Fund Crediting Rate Survey – SR50 MySuper Index to June 2022
[3] According to the SuperRatings Fund Crediting Rate Survey – SR50 MySuper Index to the end of June 2022. Returns are calculated net of investment fees, tax and implicit asset-based administration fees. Explicit fees such as fixed dollar administration fees, exit fees, contribution fees and switching fees are excluded. Past performance is not a reliable indicator of future performance. Ratings are only one factor to be taken into account when choosing a super fund.
[4] MLC MySuper Growth returns quoted in this press release are for the MLC MasterKey Business Super MySuper Growth Portfolio published in *SuperRatings Fund Crediting Rate Survey June 2022 – SR50 MySuper Index (from returns published on pages 20-21 of the survey*).

Alternative credit, where MLC's MySuper portfolios acts as a lender along with other investors, has also been an important return driver.

Mr Gamerov explained: "We have been underweight in traditional bonds for a number of years as very low yields made them vulnerable to changes in the interest rate cycle. As events have transpired, that's proved to be a sensible decision. It has also meant that we have had to look for fixed income in different places, rather than just giving up on the asset class because of the interest rate environment.

"One of those different places is private or alternative credit, where we are finding opportunities to lend capital to private borrowers in niche segments at attractive yields through structures and collateral arrangements, where we believe we have high security of capital. Another area we have been able to secure stable and attractive yields has been in natural catastrophic insurance, where we have been providing capital for several years now. Returns from these alternative credits are not typically correlated with share markets or traditional bond market returns, and so they represent important portfolio diversifiers."

Mr Gamerov also commented on his team's use of derivatives, which he believes is a differentiator.

"We are strong advocates for using derivatives to access markets because they can be constructed to profit in down-markets while also benefiting from rising markets. In fact, we used derivatives to participate in the metals, minerals, and energy rally and did so in a more cost-efficient and flexible way than would have been possible from owning physical securities."

Within the MySuper portfolios, unlisted infrastructure investments include Tilt Renewables, Australia's largest renewable energy platform, and AusNet, which owns Victoria's regulated electricity transmission network. They also comprise high quality property assets, spread across the office, retail and industrial sectors.

"Our investments in infrastructure focus on assets that provide sustainable long-term cash flows, and have acted well to help stabilise the portfolios over the past financial year," Mr Gamerov remarked.

Members' exposure to growth assets automatically reduces when they near retirement age, supplemented by investment in more defensive areas such as bonds and cash, which are more likely to withstand volatile market conditions.

When members reach age 65, their MySuper asset mix has approximately 66% exposure to growth assets and 34% exposure to more defensive assets.

"We fundamentally believe that maximising returns over time is about getting the balance right between understanding opportunities and managing risks, and we've done this by increasing older members' allocation to defensive assets, thereby limiting the impact of adverse market movements on them as they approach their retirement." Mr Gamerov said.

While the MySuper Growth Portfolio still has a large portion invested in growth assets, including listed shares, its exposure to other investments such as private credit, real estate, infrastructure, and other alternative assets also helps cushion the impact of adverse market movements.

The cornerstone of MLC's investment philosophy is effective diversification while at the same time being selective and agile in capitalising on opportunities that arise, with a strategy that includes cushioning portfolios when markets are choppy and positioning them for growth when conditions are more supportive.

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About MLC
MLC is an Australian business that provides investments and superannuation solutions to corporate, institutional, and retail customers. Its purpose is to create future confidence for Australians through superannuation, professional financial advice, asset management and modern investment platforms underpinned by leading technologies.

MLC is part of the Insignia Financial Group, which consists of Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate. Insignia Financial Ltd is listed in the top 200 companies on the Australian Securities Exchange (ASX: IFL). As one of the largest wealth managers in Australia, with over 175 years' experience in helping Australians secure their financial wellbeing, the Insignia Financial Group provides services to more than 2 million clients and has more than $325 billion in funds under management and administration (as at 31 December 2021).

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