

FirstChoice Super MLC Moderate 40 Portfolio

A diversified, multi-asset portfolio managed by
MLC Asset Management
Quarterly Report | 31 December 2025



Portfolio details

MLC's Moderate 40 Portfolio is a complete investment solution aimed at providing investors with above-inflation returns through actively managed and extensively diversified portfolios.

The Portfolio is expected to maintain an average exposure to growth assets (shares, property, infrastructure & alternative growth assets) of approximately 40% over time.

Portfolio Objective	Aims to deliver a return of inflation +1.25% p.a. over 3 years (after Model Manager fees).	Indicative holdings	5-15 Managed funds
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Portfolio Performance

	1m	3m	1 yr	2 yrs	Inception ⁴
Total Return ¹	0.1%	0.8%	6.7%	7.0%	8.3%
Income ²	0.0%	0.0%	0.0%	0.0%	0.0%
Growth	0.1%	0.8%	6.7%	7.0%	8.3%
CPI + 1.25%	0.3%	0.8%	4.8%	4.2%	4.1%
Peer Category ³	0.0%	0.5%	6.3%	6.6%	7.8%

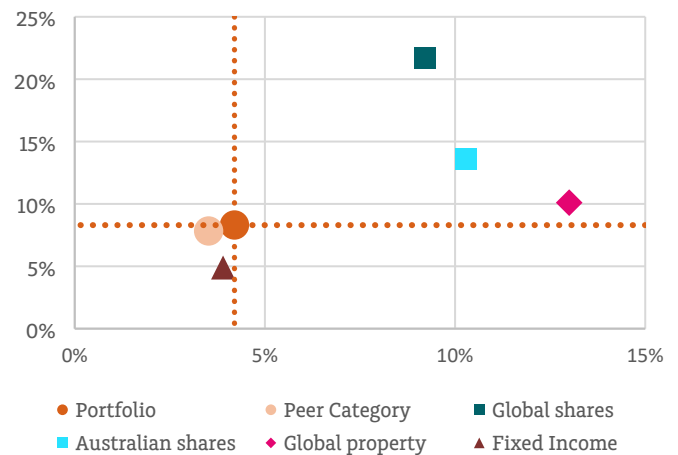
¹ Assumes distributions are reinvested. Returns are net of model manager fee, rebates and indirect costs. Returns greater than 1 year are annualised.

² Managed fund income is included when we receive the distribution.

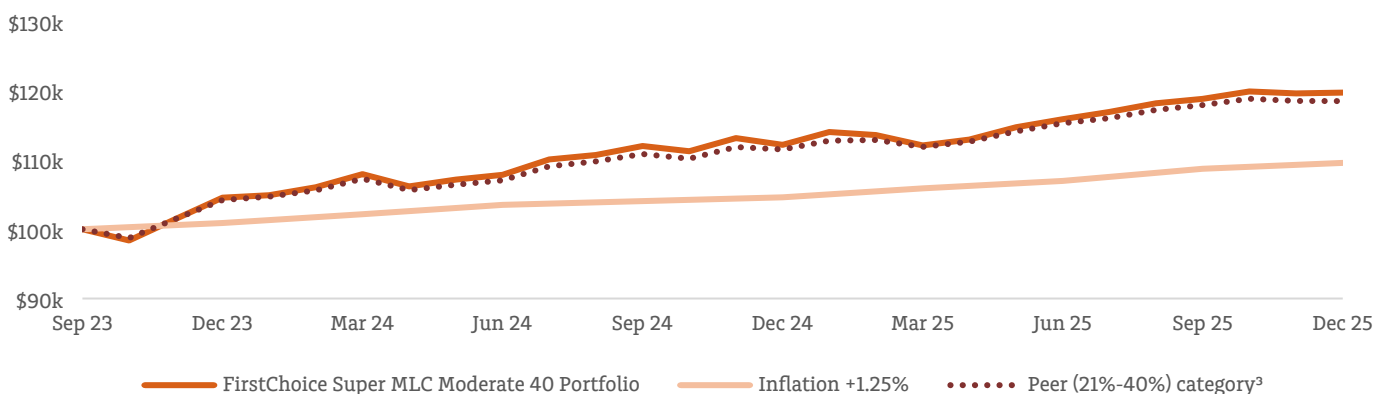
³ Morningstar Multisector Moderate (21% - 40%) category average

⁴ Portfolio inception date is 29 September 2023

Portfolio risk & return since inception



Growth of \$100k invested since inception



The performance and holdings in this document are for the Model Portfolio and are not a guarantee or an indication of the actual performance or holdings of a client's portfolio due to differences in the timing and transaction prices for portfolio changes, client investments and withdrawals during the period, timing of receipt of dividends and income distributions, platform administration fees, transactional costs associated with the client's portfolio, and any portfolio exclusions required by the client. Past performance is not a reliable indicator or guarantee of any future performance. The value of an investment may rise or fall with the changes in the market. Inflation is measured by the Consumer Price Index (CPI). We use the most recent CPI as an estimate until the actual CPI is available from the Australian Bureau of Statistics.

What happened over the quarter

The Portfolio generated a positive return for the December quarter, with global shares (hedged) delivering a solid 3.6% return. The Australian dollar's rise against the US dollar, euro and Japanese yen reduced global shares (unhedged) to a 2.7% gain. Optimism on Artificial Intelligence (AI) prospects and lower US interest rates have been key drivers of rising share prices this year. Investors have also taken the view that President Trump's tariffs are just a temporary threat in terms of higher US inflation and penalising US economic growth.

The Solaris Wholesale Core Australian Equity fund outperformed the index (1.7%) over the quarter. Stock selection was the primary driver of outperformance with notable positive contributions from Basic Materials. The top stock contributors were ANZ Group Holding and BHP Group Ltd. ANZ delivered a solid FY25 result in November, maintaining a healthy dividend and capital position, which reinforced confidence. Earlier in October, ANZ announced a strategic simplification program and paused its remaining buyback to preserve capital.

The Realindex Wholesale Global Share Fund (Hedged) outperformed the index (1.1%) over the quarter, driven by key positive sectors such as Financials, Healthcare, Basic Materials, and Consumer Cyclical. Apple was a strong contributor. Apple reported a record September quarter, with revenue and EPS ahead of expectations. There is strong iPhone 17 demand and continued Services strength in the December quarter.

Wall Street's benchmark S&P 500 Index made historic highs with a quarterly gain of 2.6% in local currency terms. Investors have also taken the view that President Trump's tariffs are just a temporary threat in terms of higher US inflation and penalising US economic growth.

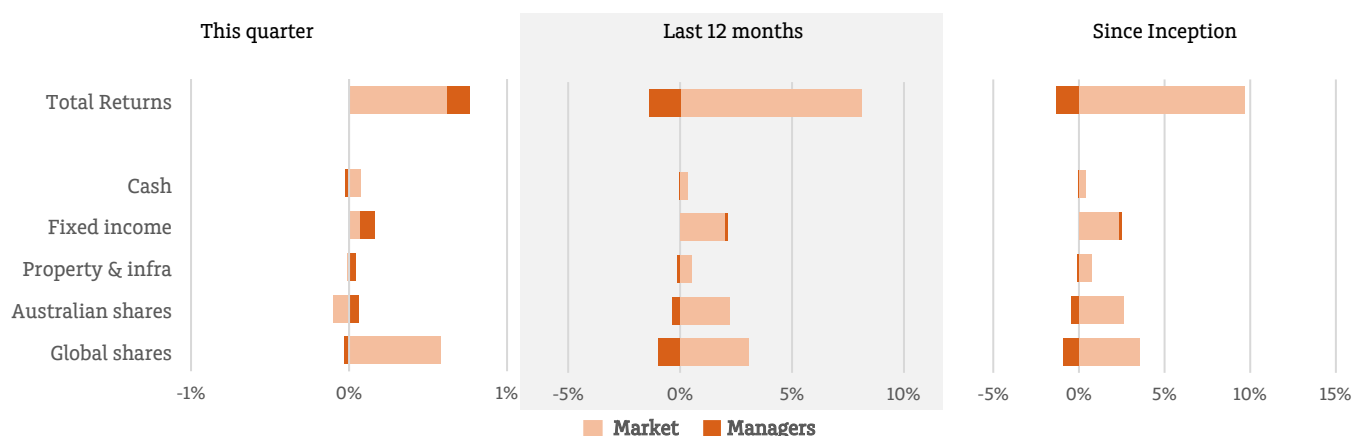
Asian share markets also delivered some impressive performance. Korea (30.7% return) and Taiwan (13.8%) posted very strong returns over the past three months in local currency terms. Japan's share market delivered a 9.6% return even with the central bank raising interest rates in December. However, Chinese shares disappointed with a -7.6% return after a strong rally in the previous six months.

Global bonds (hedged) delivered a modest 0.7% quarterly return. Concerns over persistent government budget deficits and rising Japanese interest rates countered the benefit of the US central bank lowering interest rates in December. Australian bonds delivered a weak -1.1% quarterly return. Recent high inflation results have seen bond markets begin to contemplate that the Reserve Bank (RBA) could raise interest rates in 2026.

Australian shares delivered a disappointing setback with a mildly negative -0.9% return for the quarter. The Information Technology sector was the primary source of weakness with a -23.7% quarterly return given Wisetech and Xero's poor performances. The Health Care sector also proved frail with a -9.5% return given the continued weakness in CSL. In a welcome contrast, the Materials sector was one of the few bright spots with a very strong 13.0% return on the back of rising gold and metal prices.

Australia's economy is experiencing improved consumer spending, modest jobs growth and a stable unemployment rate around 4.3%. However, consumer inflation is proving persistent at 3.8% in the year to October. The prospect of further RBA interest rate cuts has evaporated with this pickup in inflation pressures.

Contributors to Portfolio performance



This chart shows the contributions of each asset class (market) to total portfolio net returns for the period. The manager return shows the total out or under performance (excess) generated by the selected managers for that asset class in excess of each asset classes benchmark. Excess manager returns are net of underlying manager MERs but before estimated fee rebates as such, the 'total return' quoted for each period in this chart will be lower than the actual returns reported on page 1 of this report.

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What Portfolio activity occurred this quarter?

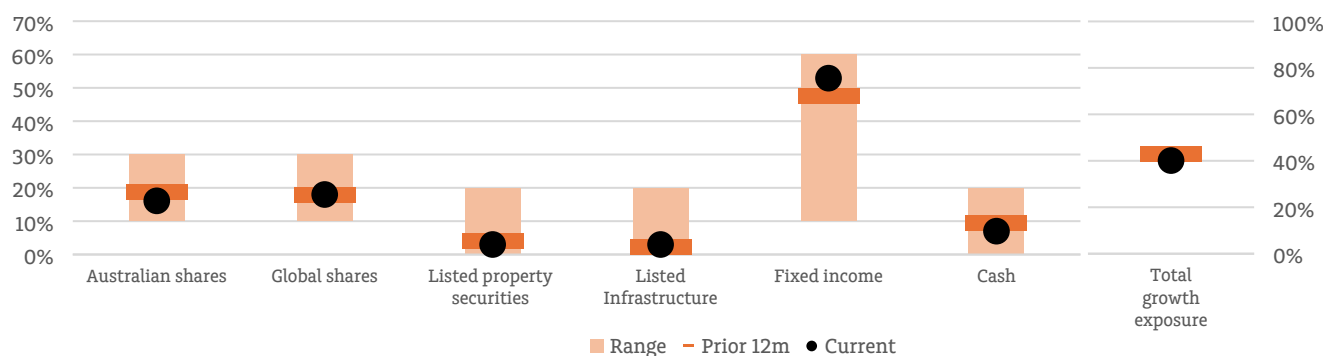
There were no significant additions / increases over the quarter.

What's the outlook for the Portfolio and how is it positioned?

We continually review the Model Portfolios to ensure they remain appropriately structured to meet their objectives and are well-positioned for the future market environment.

- Maintaining growth asset exposure primarily through global developed and emerging market shares – notwithstanding elevated valuations and continuing uncertainty, we see the more subdued earnings growth in Australian large-cap shares offering more limited appeal. Domestically, we maintain exposure to Australian smaller companies and see this allocation aligning with superior earnings growth and over time stronger capital growth.
- Foreign currency diversification – We maintain a structurally lower developed market foreign currency exposure due to the increasing medium term appeal of the AUD, coupled with what seems to be a weaker near term outlook for the USD.
- Active fixed income – We believe active management is appropriate to effectively navigate what is likely to remain a more turbulent interest rate and yield curve environment. We see actual and perceived geopolitical and central bank activity as continuing to drive bouts of elevated bond and credit market volatility.
- Fixed income - We see favourable risk-reward attributes within shorter maturity high quality credit exposure. The further tightening in credit spreads takes some of the appeal away from global credit, both investment grade and selective sub-investment grade exposures. The further tightening in credit spreads takes some of the appeal away from global credit, both investment grade and selective sub investment grade exposures.
- Real Assets – We maintain a medium-term outlook of more sticky inflation and gradually easing bond yields, supporting solid underlying cash flows within global Infrastructure and global Property. We retain our conviction in their ability to be amongst the more constructive portfolio contributors.

Current Portfolio asset allocation



'Alternatives' calculated as a split between growth and defensive for total growth exposure purposes. All other asset's excluding Fixed Interest & Cash are considered 100% 'growth' assets.

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What does the Portfolio hold?

Asset class		Weighting (%)
Australian shares		16.1
Active, large cap, style neutral	Solaris Wholesale Core Australian Equity	7.0
Active, large cap, slight growth focus	Ausbil Wholesale Australian Active Equity	7.0
Active, mid to small cap, style neutral	First Sentier Wholesale Australian Small Companies	2.0
Global shares		18.0
Active, slight value focus	Ironbark Royal London Wholesale Concentrated Global Share	3.5
Systematic, hedged	Realindex Wholesale Global Share - Hedged	4.5
Active, growth, unhedged	Intermede Wholesale Global Equities	3.5
Active, slight growth focus, hedged	T. Rowe Price Wholesale Global Equity - Hedged	4.5
Active, emerging markets, unhedged	Pendal Wholesale Global Emerging Market Opportunities	2.0
Listed property securities		3.0
Active, hedged	Resolution Capital Wholesale Global Property Securities	3.0
Listed infrastructure		3.0
Passive, hedged	Colonial First State Wholesale Index Global Listed Infrastructure Securities	3.0
Fixed income		52.9
Australian, active, all maturity	Western Asset Wholesale Australian Bond	11.0
Australian, active, flexible duration	Janus Henderson Wholesale Tactical Income	9.0
Australian, active, high-quality credit	Macquarie Wholesale Income Opportunities	9.0
Global, active, all maturity, hedged	PIMCO Wholesale Global Bond	10.0
Global, active, high yield, hedged	Bentham Global Income	9.0
Global, active, high yield, hedged	Janus Henderson Diversified Credit Fund	5.0
Cash		7.0
Enhanced cash	First Sentier Wholesale Strategic Cash	7.0
Total		100

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