



ASSET MANAGEMENT

MLC Global Private Equity Fund – Class A

Investment update to 31 December 2024

Fund commentary

The MLC Global Private Equity Fund – Class A (the Fund) delivered a 10.3% net return over the December quarter.

Unlisted private equity co-investments and funds contributed 45% and 34% respectively to the gross Fund return for the quarter in AUD terms. Asian and US co-investments, as well as Asian and US fund investments, were the key contributors to performance during the quarter in AUD terms.

Sinopec, a co-investment made alongside the Chinese and South East Asian private equity investor RRJ Capital, was a strong performer (18% of the returns from co-investments). *Sinopec* is the largest distributor of petroleum products (including refined oil, natural gas and fuel oil) in China. *Sinopec's* domestic sales volume continues to increase in China following the recovery from COVID-19. *Arcadia Consumer Healthcare* ("Arcadia"), a co-investment alongside Bansk Group, is a US consumer health and wellness platform

comprising a branded portfolio of differentiated products. *Arcadia* contributed 8.2% of the returns from co-investments, as it continues to record strong revenue and EBITDA growth, with its largest brand Nizoral becoming the leading clinical dandruff shampoo. *Arcadia* is focused on securing additional production capacity for Nizoral, with the existing supplier currently executing on planned expansion which will significantly increase supply and enable additional marketing investment behind the brand.

The Fund is well diversified and holds 32 mid-market private equity co-investments and 46 private equity funds globally.

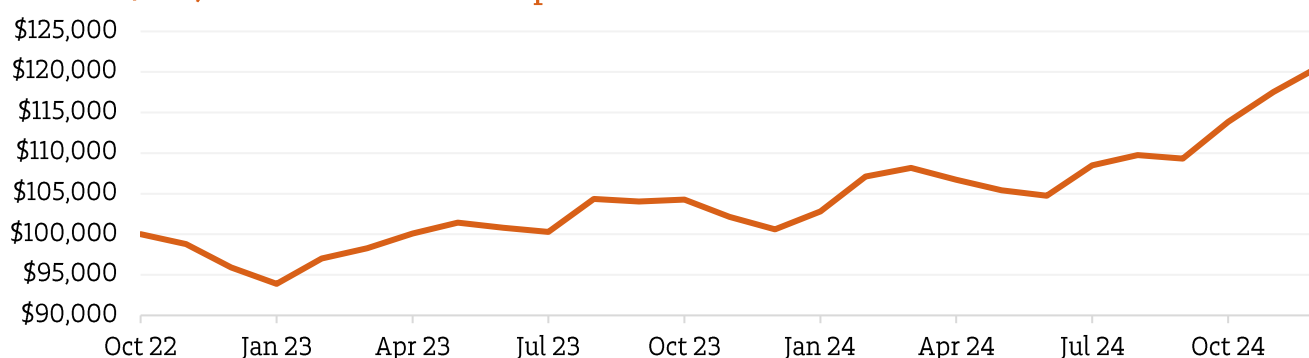
At the Fund level, the ETF and cash liquidity contributed 21% to gross returns for the quarter. The Australian dollar fell through the three months period to a near two-year low, benefiting the fund, with currency movements contributing positively to performance.

For the year ended 31 December 2024 the Fund has delivered a 19.9% return, and a 9.0% per annum return since inception.

Performance

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	Since inception (% pa)
MLC Global Private Equity Fund –Class A	2.6%	10.3%	15.1%	19.9%	12.1%	9.0%

Value of \$100,000 invested since inception



Performance by month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov [#]	Dec	CYTD*
2022	-	-	-	-	-	-	-	-	-	-	-1.2%	-2.9%	-4.1%
2023	-2.1%	3.3%	1.3%	1.9%	1.3%	-0.6%	-0.5%	4.0%	-0.3%	0.2%	-2.0%	-1.5%	4.9%
2024	2.2%	4.2%	1.0%	-1.4%	-1.2%	-0.6%	3.6%	1.2%	-0.4%	4.1%	3.2%	2.6%	19.9%

Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with changes in the market.

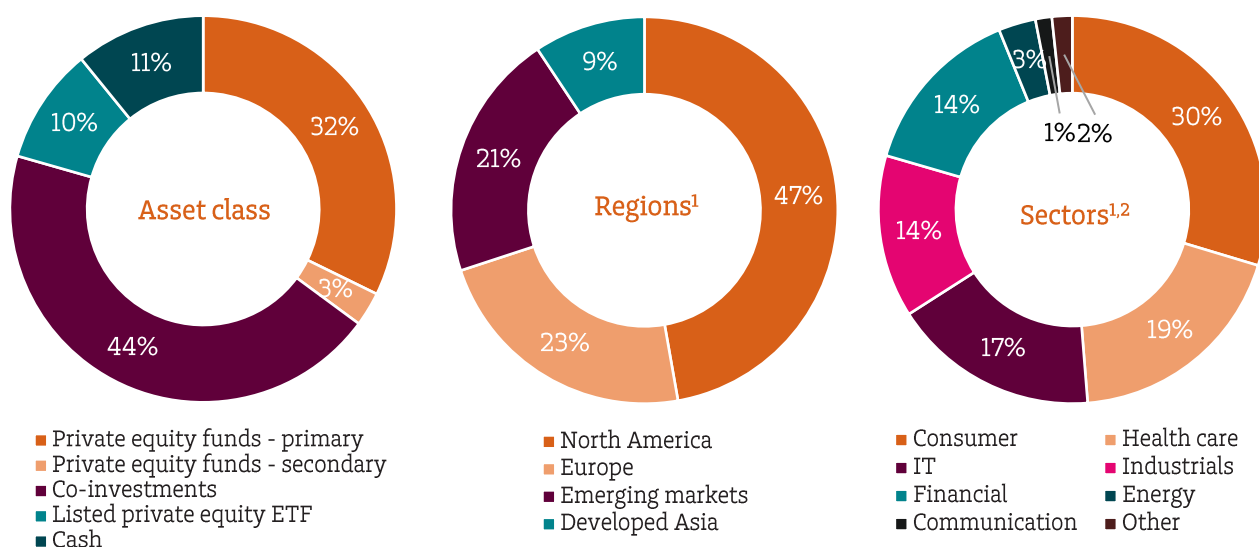
The returns shown on this page are calculated based on the net asset value of units issued in Class A of the Fund. The returns are net of management fees, performance fees, and indirect costs. The Fund's - Class A inception date is 31 October 2022.

*CYTD - calendar year to date.

Top holdings

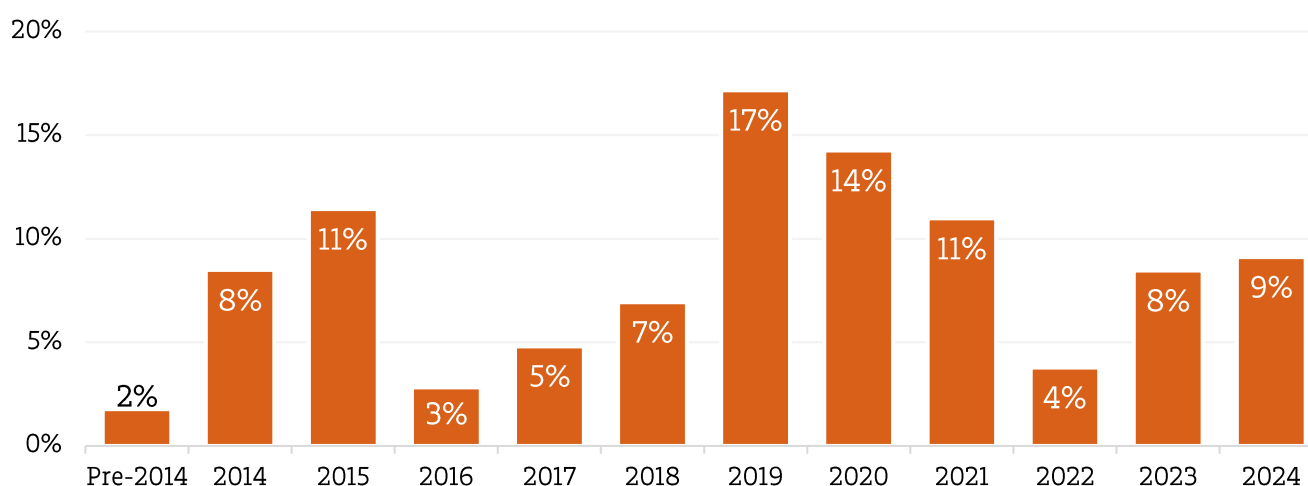
Holding name	Investment type	Strategy	Region	Vintage*
PetSmart	Co-Investment	Buyout	North America	2015
Delta Capital Growth Fund II	Fund	Growth	Emerging markets	2017
Design Holding	Co-Investment	Buyout	Europe	2014
FLO	Co-Investment	Growth	Emerging markets	2014
Sinopec	Co-Investment	Growth	Emerging markets	2015

Asset allocation



Asset allocation shown as a percentage of NAV.¹ Region and sector data excludes listed private equity and cash. ² Sector allocations are effective as at 30/09/2024. Numbers may not add to 100% due to rounding.

Investment year[#]



[#]Investment year allocation shown as a percentage of NAV, excluding listed private equity and cash. Effective date 30/09/2024. Numbers may not add to 100% due to rounding. Investment year indicates the year in which capital was invested into an asset.

*Vintage year indicates the year in which capital was committed to an investment of the Fund.

Market commentary











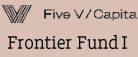



There are promising indicators of recovery in the market, as can be seen by the total number of global buyout¹ transactions starting to recover from the trough recorded in 2023, with transaction volumes rising 4% in 2024. Meanwhile, aggregate buyout deal value increased 13% from 2023 to 2024. MLC believe that there is attractive return potential in the fund:

- Median global buyout EV/EBITDA multiples are 32% below public markets as of 31 December 2024, with buyout valuations at 10.9x EBITDA compared to the S&P500 which finished the year with an EV/EBITDA multiple of 16.1x. PE valuations remain in line with 10 year averages.
- There has been a rebound in exit activity as PE exits rose throughout 2024, with many of our managers actively exploring sale processes for assets. Pressure to return LP capital persisted throughout 2024 in a tough

fundraising environment, and managers are increasingly using strategies such as continuation vehicles ("CVs") to unlock liquidity, with 2024 CV exits up 12.9% year-on-year.

- With record levels of 'dry powder' (ie capital raised by PE funds but not yet invested) available to be deployed, and the bulk of the dry powder raised by large-cap PE funds, there is a large pool of capital available to acquire investments from our mid-market PE managers when these investments go to exit, with large cap PE often buying from mid-cap PE.
- In a challenging macro-economic and geopolitical environment, MLC remains focused on mid-market, recession resilient businesses with strong growth potential, backed by high quality PE managers who can create value through a variety of operational initiatives.

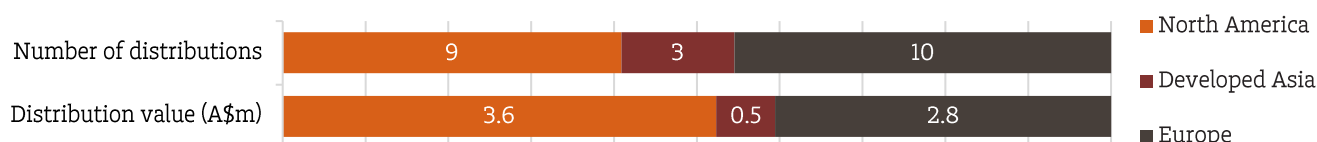
New investments in the quarter

Holding name	Manager	Investment type	Strategy	Region	Sector/Market	Description
		Co-Investment	Buyout	North America	Consumer	Specialty retailer that is a market leading pet company in North America.
Project Alpha	UK mid-market manager	Co-Investment	Structured Equity	Europe	Energy	An investment into a portfolio of North Sea oil and gas assets, which has been sold and is awaiting distributions.
		Co-Investment	Buyout	North America	Consumer	Designs, manufactures and markets branded premium orthotics.
		Co-Investment	Buyout	North America	Industrials	Leading provider of sterilisation products and services to pharmaceutical, biotechnology, compounding pharmacy and medical device sectors.
		Co-Investment	Buyout	North America	Consumer	Pet health & wellness company that manufactures and distributes a diverse portfolio of branded medications, dental chews and other wellness products for companion pets.
		Fund - primary	Buyout	North America	Mid-market	US middle market buyout manager exclusively focused on building leading consumer product businesses and platforms.
		Fund - primary	Buyout	Developed Asia	Lower mid-market	Focused on profitable Australasian lower mid-market companies in technology, business services, IT services and healthcare.
		Co-Investment	Buyout	North America	Industrials	Provider of end-to-end marketing displays for retail, transportation, commercial and live event markets.

¹ Excluding add-ons

Distributions received by the Fund

Through the quarter, the Fund received 22 distributions totalling \$6.9m.



*Distributions include monies received by the Fund as a result of realisations of underlying companies, recapitalisations or dividends from co-investments and private equity fund holdings. The Fund will attribute taxable income to investors even though it does not distribute its income to investors.

Case study



Overview

PetIQ is a recent co-investment made alongside MLC core PE manager Bansk, representing a take-private transaction, as PetIQ was previously NASDAQ listed. PetIQ develops, manufactures, markets and distributes a diverse portfolio of branded medications, dental chews and other wellness and nutritional products for companion pets, and operates veterinary services via Community Clinics and Wellness Centres.

Bansk monitored the business and the industry for more than 2 years prior to investment, which included consistent dialogue with management. MLC PE has maintained a 13-year relationship with the senior leadership at Bansk, a relationship that significantly predates Bansk Fund I (2021).

Value creation

Value creation is underway, with Bansk leveraging their expertise in the consumer packaged goods ("CPG") sector to reposition PetIQ as a pure-play CPG focused pet health provider. Bansk's playbook for PetIQ will involve driving mix shifts toward higher margin owned brands, exiting non-core business segments, reorganising the business model, pursuing strategic M&A and investing in new product innovation.



Key deal attractions

Differentiated platform: PetIQ is a high-quality, differentiated asset representing one of the only companies of scale in the pet wellness and healthcare segment.

Resilient, growing market: PetIQ will employ organic reinvestment and strategic M&A to drive market share gains in the growing pet wellness market.

Simplification and efficiency: The take-private nature of the transaction represented an opportunity to purchase a quality scaled asset at an attractive entry valuation. Pressure from public markets to grow at the top line limited the business' repositioning. Private ownership will allow Bansk to create a simplified, scaled and optimised business, repositioned as a pure-play CPG focused pet health provider.

Specialist manager: Bansk is a specialist consumer-focused PE manager with extensive experience managing OTC consumer health brands, and are well-positioned to execute against core value creation levers.



Further information

Visit our website at mlcam.com.au for the latest [resources and insights](#) from our investment experts.

Fund details

APIR code	MLC5609AU	Inception date	Class A – 31 October 2022
Investment objective	The Fund aims to provide capital growth, over the long term, by investing predominantly in a diverse range of global private equity investments.	Platform availability	Expand Extra, BT Panorama, CFS Edge, CFS FirstWrap, HUB24, Macquarie Wrap, Netwealth, North, Powerwrap, Praemium and Rhythm.
Hedging	Unhedged. Foreign currency exposures will generally not be hedged to the Australian dollar.	Investment horizon	7 to 10 years

Research house ratings



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