

Portfolio details

MLC's Premium Moderate 50 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 50% over time.

Portfolio Objective	Aims to deliver a return of inflation +2% p.a. over 3+ years (after Model Manager fees).	Indicative holdings	20-25 Direct shares 5-15 Managed funds
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Portfolio Performance

	1m	3m	6m	1 yr	Inception ⁴
Total Return ¹	0.2%	0.9%	3.4%	8.6%	8.6%
Income ²	0.5%	0.7%	1.2%	4.2%	3.5%
Growth	-0.2%	0.3%	2.2%	4.6%	5.3%
CPI + 2.0%	0.3%	1.0%	2.8%	5.5%	4.6%
Peer Category ³	0.1%	0.8%	4.1%	8.2%	-

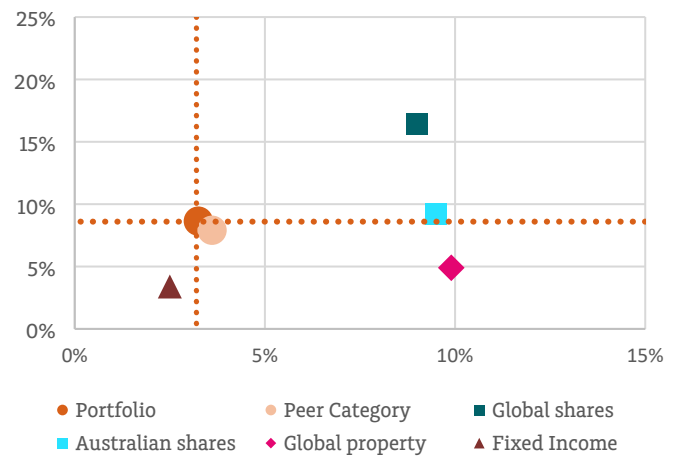
¹ Assumes distributions are reinvested. Returns are net of model manager fee, rebates and indirect costs. Returns greater than 1 year are annualised.

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

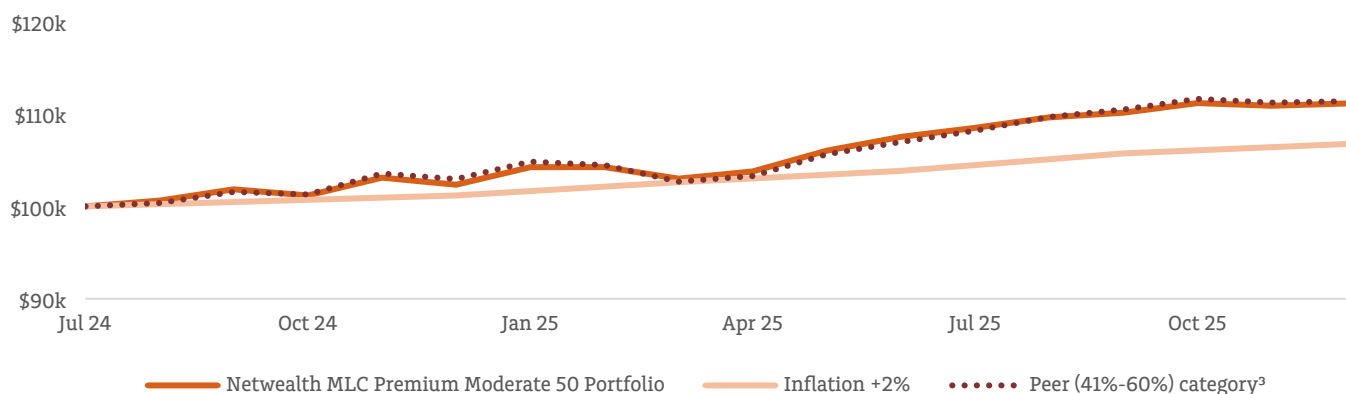
³ Morningstar Multisector Balanced (41% - 60%) category average

⁴ Portfolio inception date is 9 July 2024

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 Polaris Global Equity Fund outperformed its benchmark (2.9%) over the quarter. Positive sector contributors were Technology, Healthcare, and Industrials. Key positive stock contributors were SK Hynix and Samsung Electronics. SK Hynix's strong performance reflected surging demand and pricing for memory chips tied to AI data-center build-outs.

The Resolution Capital Global Listed Infrastructure Fund outperformed its benchmark (3.7%) over the driven by key positive sector contributors such as Utilities and Industrials. Top positive stock contributors were SSE plc and Italgas. SSE's strong quarter coincided with a strategic update announcing a fully funded, multi-year investment plan focused on UK electricity networks and renewables.

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.

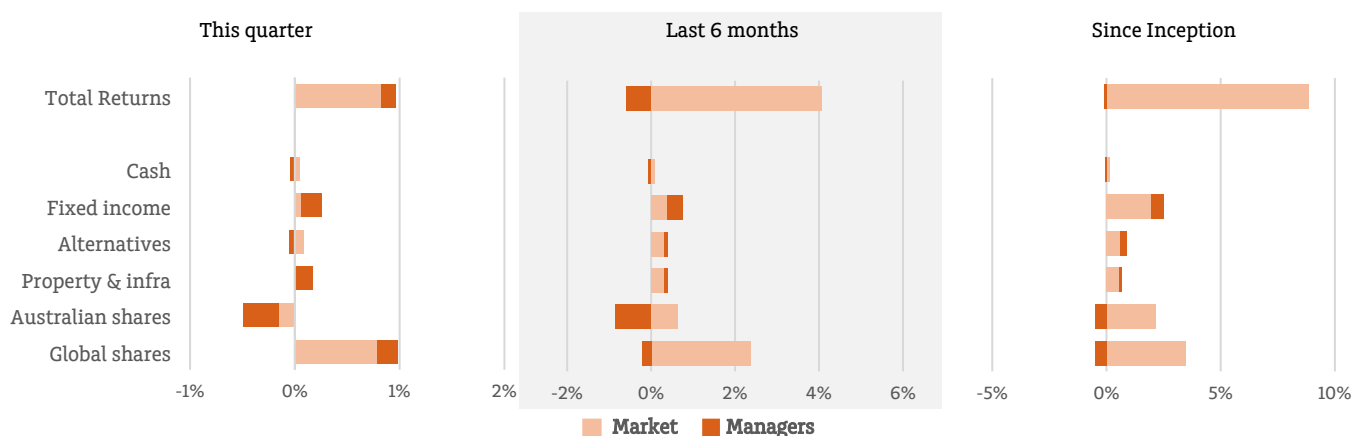
Asian share markets also delivered some impressive performance. Korea (30.7% return) and Taiwan (13.8%) posted very strong returns over the past three months in local currency terms. Japan's share market delivered a 9.6% return even with the central bank raising interest rates in December. However, Chinese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

On October 2, we initiated a position in Qantas Airways (QAN) and added to the position in Coles Group (COL). This was funded by exiting our position in Woolworths Group (WOW) and reducing our position in Aristocrat Leisure (ALL).

On October 21, we initiated a position in Lynas Rare Earths (LYC) funded by exiting our position in JB Hi-Fi (JBH).

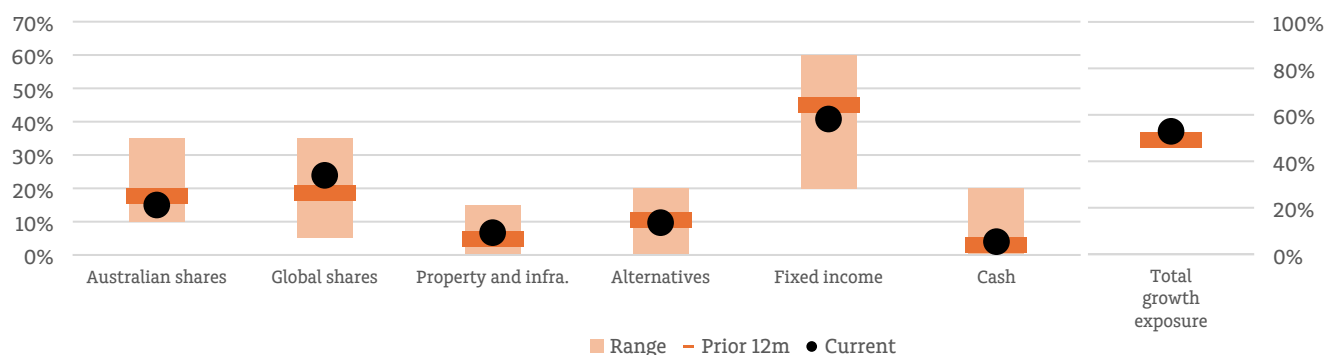
On December 22, we topped up our position in Macquarie Group (MQG). This was funded from cash.

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 more elevated valuations and continuing uncertainty, we see the more subdued earnings growth in Australian large-cap direct shares offering more limited appeal.
- 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.
- Alternatives - MLC's Real Return Fund remains our preferred method of providing further diversification, versatility in downside protection, and upside participation via its high quality, dynamic real return attributes. This upside participation in the likes of US shares, and Emerging Market shares (in particular Chinese equities) has been a feature of the recent strong risk-adjusted total returns.
- Real Assets – We maintain a medium-term outlook of more sticky inflation and gradually easing bond yields, supporting solid underlying cash flows within listed global Infrastructure and global Property. We retain our conviction in their ability to be amongst the more constructive portfolio contributors, where manager alpha delivered within the Resolution Capital Global Listed Infrastructure (AUD hedged) has been a stand out of calendar year 2025.

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 (directly held)		14.9	
BHP Group Ltd	1.8	Telstra Corporation Ltd	0.5
Commonwealth Bank of Australia	1.4	Goodman Group	0.5
CSL Ltd	1.0	Lottery Corporation Ltd	0.4
Australia & New Zealand Banking Group Ltd	0.9	Westpac Banking Corporation	0.4
Macquarie Group Ltd	0.8	Santos Ltd	0.4
National Australia Bank Ltd	0.8	Woodside Energy Group Ltd	0.4
Wesfarmers Ltd	0.8	Brambles Ltd	0.4
BlueScope Steel Ltd	0.6	Xero Ltd	0.4
Vicinity Centres	0.5	AGL Energy Ltd	0.3
Rio Tinto Ltd	0.5	Qantas Airways Ltd	0.3
Coles Group Ltd	0.5	Aristocrat Leisure Ltd	0.2
QBE Insurance Group Ltd	0.5	Lynas Rare Earths Ltd	0.2
Medibank Private Ltd	0.5		
Global shares		24.2	
Active, quant, hedged	Arrowstreet Global Equity Fund (Hedged)	8.7	
Active, intrinsic value, unhedged	Life Cycle Concentrate Global Share Fund	3.2	
Active, intrinsic value, hedged	Life Cycle Concentrate Global Share Fund (Hedged)	3.1	
Active, growth, unhedged	Intermede Global Equities Fund	2.7	
Active, value, unhedged	Polaris Global Equity Fund	3.1	
Active, emerging markets, unhedged	Walter Scott Emerging Markets Fund	3.4	
Property and Infrastructure		7.0	
Active, hedged	Resolution Capital Global Property Securities Fund	3.8	
Active, hedged	Resolution Capital Global Listed Infrastructure Fund	3.2	
Alternatives		9.7	
Real return strategy	MLC Real Return Moderate	9.7	
Fixed income		40.8	
Australian, active, all maturity	Janus Henderson Australian Fixed Interest Fund	9.7	
Australian, active, short maturity	Antares Income Fund	8.8	
Australian, active, short maturity	Realm Short Term Income Fund	6.4	
Global, active, all maturity, hedged	PIMCO Global Bond Fund	6.2	
Global, active, high yield, hedged	Bentham Professional Global Income Fund	6.2	
Global, active, high yield, hedged	Janus Henderson Diversified Credit Fund	3.6	
Cash		3.4	
Cash account		3.4	
Total		100	

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