

Netwealth

Value Balanced 70 Portfolio

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



Portfolio details

MLC's Value Balanced 70 Portfolio is a complete investment solution aimed at providing investors with above-inflation returns through expertly managed, low-cost portfolios that blend the strengths of active and index management.

The Portfolio is expected to maintain an average exposure to growth assets (shares, property, infrastructure & alternative growth assets) of approximately 70% over time.

Portfolio Objective	Aims to deliver a return of inflation +2.5% p.a. over 5+ years (after Model Manager fees).	Indicative holdings	20-25 Direct shares 5-15 Managed funds / ETF's
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Portfolio performance inception

	1m	3m	6m	1 yr	Inception ⁴
Total Return ¹	-2.2%	-0.8%	0.4%	-	4.5%
Income ²	0.3%	0.4%	0.9%	-	1.3%
Growth	-2.5%	-1.2%	-0.4%	-	3.4%
CPI + 2.5%	0.4%	1.3%	2.2%	-	3.0%
Peer Category ³	-2.4%	-1.1%	0.5%	-	-

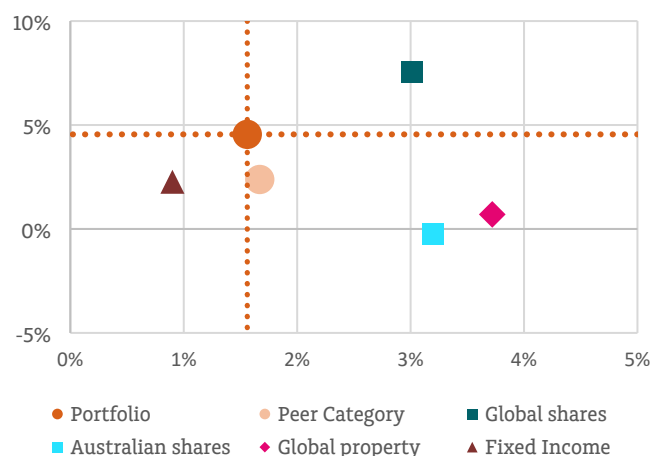
¹ Assumes distributions are reinvested. Returns are net of model manager fee, rebates and indirect costs. Returns greater than 1 year are annualised.

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

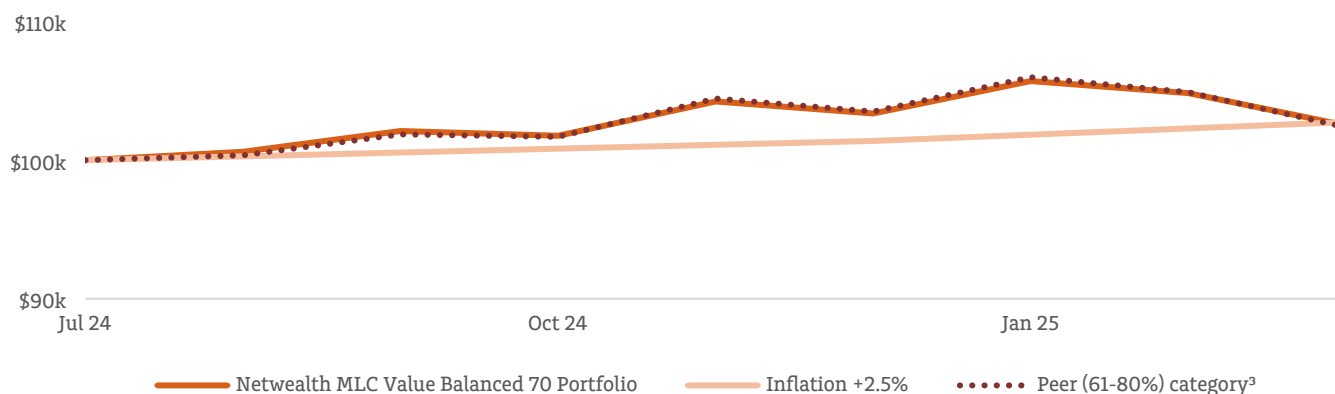
³ Morningstar Multisector Growth (61% - 80%) category average

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.

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What happened over the quarter

The Portfolio generated a negative return for the March quarter, with global share markets now facing considerable global political risks. President Trump's aggressive policy agenda - higher tariffs, lower US immigration with "mass deportations", more restrictive US fiscal policy with cuts to government jobs and spending, as well as less regulation - is not a recipe for stability.

The Resolution Capital Global Listed Infrastructure fund was the strongest positive performer over the quarter, producing an absolute return of 6.14%, beating its benchmark by 1.09%. The strategy was supported by falling bond yields, yield generation from real-assets, and strong stock selection over the quarter. The Antares Income fund's predominately domestic shorter maturity credit exposure proved less sensitive to widening credit spreads in the US over March. The fund contributed positively over the month and slightly outperformed its benchmark.

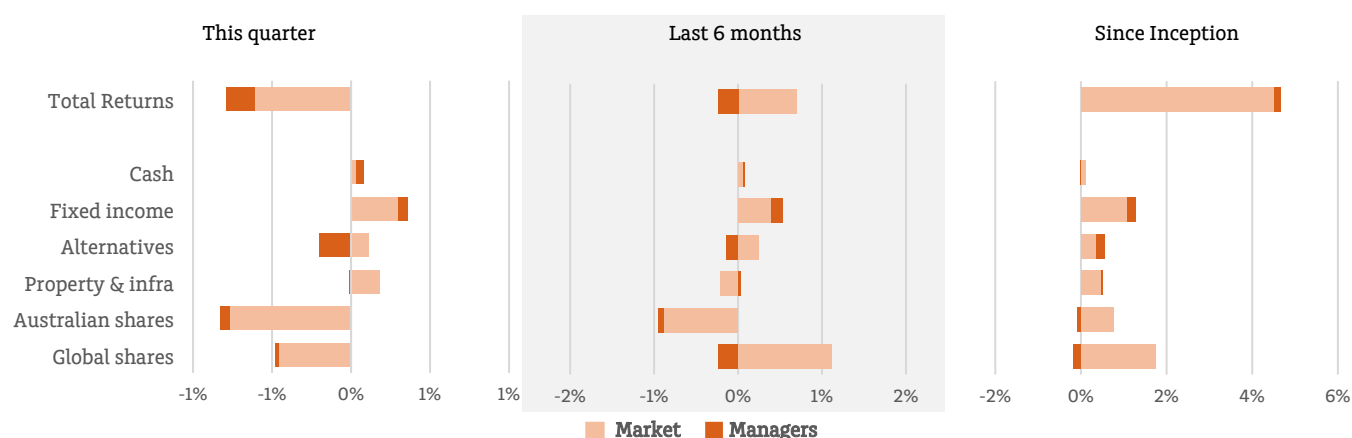
Wall Street's benchmark S&P 500 Index briefly made historic highs during the quarter, but these gains were fully reversed by tariff concerns and the potential for higher consumer inflation. The NASDAQ 100 which is heavily weighted to technology declined by -10.3% over the quarter. European shares surprised by making very strong returns of 7.2% (EuroSTOXX 50) with the benefit of the European Central Bank cutting interest rates and Germany announcing major stimulus measures to revive their economy. Chinese shares delivered a very strong return over the quarter with more supportive financial measures from the government. However, Japanese share markets have declined with the central bank still signalling the need to raise interest rates to limit inflation.

Australian shares initially made strong gains and historic highs until the middle of February but then hit reverse gear. Australian shares delivered a disappointing return of -2.9% over the quarter. The Information Technology sector was a key negative contributor with a -18.2% return. There were notable declines in property securities as a subdued Australian economy weighed on investor confidence. There were also sharp falls in the Health Care and Financial sectors.

Australia's economy is experiencing mild economic activity but is seeing lower inflation. The negative impact of high consumer prices and mortgage interest rates as well as rising rents continues to squeeze budgets. Yet there has been some more encouraging news on inflation and interest rates. Australia's annual inflation rate declined to 2.4% in February according to the ABS monthly indicator. This moderation in price rises reflects the benefit of government electricity rebates and lower automotive fuel costs. Given modest Australian economic activity and milder inflation results, the RBA cut interest rates in February 2025.

Global bonds (hedged) delivered a modest 1.1% quarterly return. While lower interest rate settings in Europe are positives, investors have taken a more cautious outlook on inflation prospects given that tariffs initially raise consumer prices. Australian bonds delivered a solid 1.3% return given that recent lower inflation results allowed the RBA to cut interest rates in February 2025.

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?

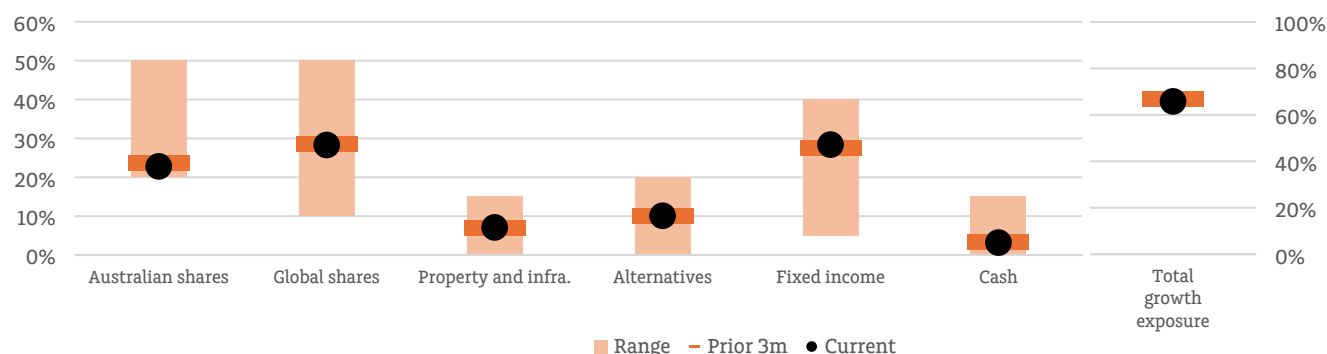
Cash proceeds from end of calendar year distributions and direct share dividends were selectively deployed in February. Exposure to the Bentham Syndicated Loan Fund and Antares Income Fund was increased.

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 and intended pivot to global shares – Notwithstanding current materially elevated uncertainty and associated volatility, we see the more subdued earnings growth on still elevated valuations in Australian large-cap direct shares as a likely funding source to incrementally add to global developed market shares.
- Foreign currency diversification – We've maintained a structurally lower developed market foreign currency exposure over the past 18 months due to the increasing valuation appeal of, and constructive medium-term terms of trade outlook for the AUD. Foreign currency has a role to play during environments of market stress, and on that basis the addition to developed market global shares is planned to be made on an unhedged basis.
- 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 with longer duration Australian and global fixed interest and continue to consider the global credit fund (Bentham Global Income) as a 'mid risk' asset, providing a clear step down on the risk spectrum versus global equities, and an attractive risk-reward opportunity.
- Alternatives – MLC's Real Return Fund remains our preferred method of providing further diversification and versatility in downside protection via its high quality, dynamic real return attributes. This resilience was clearly demonstrated over recent amplified market uncertainty and volatility.
- 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 and see this allocation being incrementally increased as part of a planned broader asset allocation refinement.

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)			18.9
Commonwealth Bank of Australia	3.3	Woodside Energy Group Ltd	0.6
BHP Group Ltd	2.5	Rio Tinto Ltd	0.6
CSL Ltd	1.5	Transurban Group	0.5
Westpac Banking Corporation	1.4	Aristocrat Leisure Ltd	0.5
National Australia Bank Ltd	1.4	Woolworths Group Ltd	0.5
Australia & New Zealand Banking Group Ltd	1.1	QBE Insurance Group Ltd	0.4
Wesfarmers Ltd	1.1	Coles Group Ltd	0.3
Macquarie Group Ltd	0.9	Fortescue Metals Group Ltd	0.3
Telstra Corporation Ltd	0.6	Santos Ltd	0.3
Goodman Group	0.6	James Hardie Industries PLC	0.2
Australian shares			3.9
Passive, all cap	Vanguard Australian Shares Index ETF		3.9
Global shares			28.3
Passive, developed markets, unhedged	iShares International Equity Index Fund		10.6
Passive, developed markets, hedged	iShares Hedged International Equity Index Fund		12.7
Active, emerging markets, unhedged	Walter Scott Emerging Markets Fund		5.0
Property and Infrastructure			7.1
Active, hedged	Resolution Capital Global Property Securities Fund		3.9
Active, hedged	Resolution Capital Global Listed Infrastructure Fund		3.1
Alternatives			10.1
Real return strategy	MLC Real Return Assertive		10.1
Fixed income			28.4
Australian, active, short maturity	Antares Income Fund		6.6
Australian, active, all maturity	Janus Henderson Australian Fixed Interest Fund		7.5
Global, active, all maturity, hedged	PIMCO Global Bond Fund		4.7
Global, active, high yield, hedged	Bentham Professional Syndicated Loan Fund		3.8
Global, active, high yield, hedged	Bentham Professional Global Income Fund		3.9
Global, active, high yield, hedged	Janus Henderson Diversified Credit Fund		2.0
Cash			3.2
Cash account			3.2
Total			100

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