



# MLC Low Cost portfolios



# MLC Low Cost – part of our Ready-made portfolios

The MLC Low Cost portfolios are diversified investment options that balance active and index management. Their focus is on keeping costs low, while achieving returns similar to the market.

They're invested across a wide range of assets in and outside Australia.

Plus, the asset allocation of the portfolios is actively managed by MLC's experienced investment team.

Using the market-leading investment approach they apply to all of MLC's multi-asset portfolios, the investment team gains insights about the changing risks and returns of each asset class.

With these insights, they make active decisions about what mix of assets and strategies can best achieve the MLC Low Cost portfolios' objectives in constantly changing markets.

It's an effective combination: MLC's expertise in managing multi-asset portfolios, and carefully chosen index and active investment approaches, to provide low-cost market returns.



## Why invest in the MLC Low Cost portfolios?



### Complete diversified solutions

Exposure to a range of investment managers and asset classes, including Australian and global shares, infrastructure, fixed income and global property securities. Use as your complete investment portfolio or as its core.



### Active management of the asset mix

Our investment experts can adjust the asset allocations, within defined limits, to help manage risk and returns as markets change.



### Cost-effective investing

To keep costs low, we use mainly index and index-based strategies to select investments. We use active managers in some asset classes, like fixed income, where an active approach can make a real difference and is worth paying for.



### MLC's expertise

Benefit from the insights of the experienced investment team that manages all of MLC's multi-asset portfolios.

# Low-cost, diversified investment solutions, plus more

The MLC Low Cost portfolios combine carefully selected index and active approaches with MLC's expert management of the asset mix.



## Well-diversified portfolios

All investments involve some risk, so if you want to grow your wealth by investing, you have to take risk.

But there are smart ways to help manage risk, like diversification.

Diversification means investing across many different types of assets to spread your risk. It means you're less exposed to the ups and downs in performance of one asset class or one single investment. Diversification in a portfolio helps smooth out returns over time.

The MLC Low Cost portfolios are well diversified both across asset classes and the investment managers we appoint. Our managers invest in thousands of companies and securities around the world across Australian and global shares, infrastructure, global property securities and Australian and global fixed income.



## Index investing to keep costs low

Many of the portfolios' investments are in cost-effective index or enhanced index strategies.

We use these approaches for shares and property securities.



## Active investing where it matters most

We use active managers in asset classes where it can make an important difference to returns or risks without substantially increasing fees.

Fixed income investments are a good example. If we simply invested in fixed income indices, the portfolios would be exposed to one of the main risks of fixed income investing: that if interest rates go up, the value of the investments will fall. By actively managing fixed income, we can lessen this risk while maintaining a well-diversified exposure to these assets.

Another key reason to actively manage fixed income is that fixed income indices are heavily weighted to bonds issued by the most indebted countries. Rather than expose investors to this level of risk, we prefer to actively select fixed income investments.

In addition to our active management of fixed income, we use some other active strategies to increase diversification and smooth out returns over the long term.

We're always looking for ways to improve the portfolios, so the way we use active and index strategies may change over time.



### Expert management of the asset mix

In the MLC Low Cost portfolios, our experienced investment team actively manages the asset allocation.

If we think the risk of an asset class is becoming too high, we can make adjustments within defined ranges to reduce its allocation and increase exposure to an asset class we think will deliver better returns for less risk.

You benefit from the asset allocation insights of MLC's expert Capital Markets Research team, which has managed MLC's multi-asset portfolios since 2005, for a much lower cost than in a fully active fund.



### Investing with MLC

MLC is one of Australia's most experienced investment managers.

We've successfully managed multi-asset funds for more than 35 years and the MLC Low Cost portfolios have provided strong returns since they began in 2011<sup>1</sup>, so you know you're in good hands.

At 30 June 2024, MLC Asset Management had \$150 billion in funds under management.<sup>2</sup>



### What are the risks?

All investments carry different levels of risk and these should be considered prior to investing. Many factors influence an investment's value. These include, but aren't limited to: investment market sentiment; economic conditions; changes in inflation, interest rates or the value of the Australian dollar; company specific issues; liquidity; risks associated with certain investment techniques, such as derivatives and currency management. For more information about the risks of investing in the portfolios, please refer to the relevant Product Disclosure Statement.



### Index or active management?

The MLC Low Cost portfolios' intelligent blend of index and active approaches gives you the best of both worlds at a low cost.

#### Active managers

These managers analyse and select investments for a portfolio. They offer the potential for performance above the market through 'stock picking'.

#### Index, or 'passive', managers

These managers invest in the same securities, and in the same proportions, as a market index like the S&P/ASX 200. They offer the potential for returns close to the index. Index funds usually have lower fees than active funds that invest in similar assets, as they don't need analysts to select investments and tend to trade less than active funds.

#### Enhanced index managers

These managers use aspects of both index and active investing.

<sup>1</sup> Based on since inception returns for the MLC Low Cost portfolios in MLC MasterKey Super & Pension Fundamentals (known as MLC Index Plus before 26 May 2023). Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

<sup>2</sup> Source: MLC Asset Management Services Limited.

# Select the portfolio that meets your investment needs

Choose from three complete investment solutions.

Each MLC Low Cost portfolio has a different asset allocation, made up of **growth** and **defensive** assets and strategies.

These asset mixes are designed to deliver different levels of return and risk (that is, volatility of returns). The higher a portfolio's allocation to growth assets, the higher the expected level of both long-term returns and risk.

## What are growth and defensive assets?

Generally, asset classes can be grouped as growth or defensive.

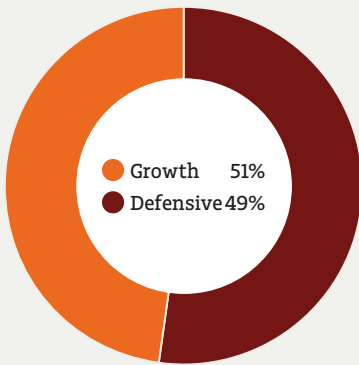
- **Growth assets**, like shares and property securities, are mostly used to provide capital growth in a portfolio. They're higher risk than defensive assets but usually provide higher returns over the long term.
- **Defensive assets**, like cash and fixed income, are generally included in a portfolio to help stabilise returns, as income is often a big part of the return from these assets. Defensive assets usually provide lower risk and lower returns over the long term.

## The MLC Low Cost portfolios

**Each investment option aims to:**

- deliver returns that exceed changes in the costs of living, over the long term, and
- reduce risk in the portfolio when we consider risks are too high.

# 1 MLC Low Cost Conservative Balanced\*

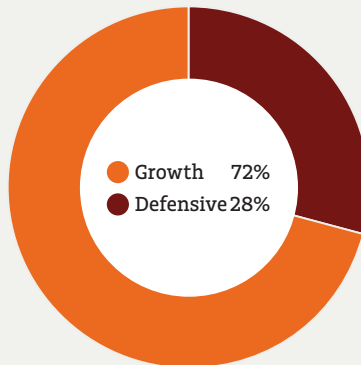


Total growth assets: 40-60%  
Total defensive assets: 40-60%

May suit you if you want a diversified, low cost investment option with:

- potential to exceed changes in the costs of living, over the long term, and
- a minimum suggested time frame to invest of at least five years.

# 2 MLC Low Cost Balanced\*

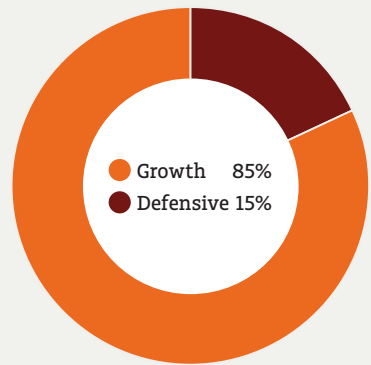


Total growth assets: 60-80%  
Total defensive assets: 20-40%

May suit you if you want a diversified, low cost investment option with:

- potential to exceed changes in the costs of living, over the long term, and
- a minimum suggested time frame to invest of at least seven years.

# 3 MLC Low Cost Growth\*



Total growth assets: 75-95%  
Total defensive assets: 5-25%

May suit you if you want a diversified, low cost investment option with:

- potential to exceed changes in the costs of living, over the long term, and
- a minimum suggested time frame to invest of at least seven years.

\* Strategic asset allocations at 1 October 2024.

# Easy access to sophisticated investing

Accessing the MLC Low Cost portfolios is simple.

## It's easy to get started

The portfolios are available through MLC super and pension products:

- MLC MasterKey Super Fundamentals,
- MLC MasterKey Pension Fundamentals,
- MLC MasterKey Business Super, and
- MLC MasterKey Personal Super.

## A clear view of your investments and markets

You'll always know exactly how your investment is performing through our Fund Profile Tool on [mlc.com.au](https://mlc.com.au)

There you'll find indepth commentary explaining where your money's invested and why.

And our investment experts will keep you across what's happening in markets and economies around the globe, along with any changes we've made to your portfolio.

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## Next steps...

To find out more about the MLC Low Cost portfolios or to invest, please speak with your financial adviser or call us on **132 652**.

[mlc.com.au](https://mlc.com.au)

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## How to invest

To find out more about investing in the MLC Low Cost portfolios, speak to your adviser or call us on **132 652**.

[mlc.com.au](https://mlc.com.au)

### Important information

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