

18 August 2022



Dear Investor(s)

## **New asset classes and increases to Performance fees for MLC MasterKey Unit Trust Horizon portfolios**

From 30 September 2022, there will be some key changes to some of our investment portfolios.

- We regularly review the investment strategies of our portfolios to ensure they're achieving their investment objective and providing you with the best financial outcome. As a result of the review, we're introducing two new asset classes across some of our portfolios which will also impact the performance related costs for these portfolios.
- We also need to tell you about industry-wide changes to fees and costs disclosure.

### **What is changing?**

#### **New strategic asset allocations**

We're introducing Private equity and Infrastructure into the strategic asset allocation across our Horizon portfolios:

- Private equity involves investments in privately-owned businesses that aren't listed on securities exchanges.
- Infrastructure involves investments in businesses that own, operate, and maintain a diverse range of infrastructure assets such as toll roads, rail facilities, telecommunications networks, and airports.

We consider investing in these two new asset classes will improve diversification which should reduce short-term volatility. And we believe they will improve the returns for the investment portfolios.

There are no changes to the investment objectives or to the management fees we charge for the portfolios.

The new private equity investments have performance related costs associated with them, which the private equity investment managers only charge if their performance exceeds a specified level and not if it doesn't, providing an incentive for them to deliver better returns.

#### **Fees and costs disclosure**

From 30 September 2022, as a result of changes to ASIC's fees and costs disclosure regime, whereas performance related costs were previously disclosed as a component of indirect costs, they will instead be disclosed separately from indirect costs and referred to as a Performance fee in the Product Disclosure Statement (PDS).

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## Understanding the performance related cost increase

The changes in Strategic asset allocations and estimated Performance fees will be reflected in the new PDS available from 30 September 2022 on [mlc.com.au/pds/mkut](http://mlc.com.au/pds/mkut)

The table below demonstrates the estimated impact of these changes on Performance fees by showing:

- The Performance related cost as disclosed in the current PDS based on current Strategic asset allocations, and
- the Performance fee as disclosed in the new PDS based on the new Strategic asset allocations. This estimate uses average performance related costs for the past 5 financial years where available, and an estimate of the performance related costs for the 12-month period from 30 September 2022 for Private equity.

Portfolio	Performance related costs (% pa) as per current PDS	Estimated Performance fee (% pa) as per new PDS
MLC Horizon 2 Income Portfolio	0.04	0.05
MLC Horizon 3 Conservative Growth Portfolio	0.04	0.06
MLC Horizon 4 Balanced Portfolio	0.04	0.09
MLC Horizon 5 Growth Portfolio	0.03	0.08
MLC Horizon 6 Share Portfolio	0.03	0.07
MLC Horizon 7 Accelerated Growth Portfolio	0.02	0.08

### Do you need to do anything?

You don't need to do anything. However, you may wish to take this opportunity to review your investment options to ensure they continue to meet your circumstances and needs.

### We're here to help

If you'd like to talk to us about this or you need more information, please call us on **132 652** between 8am and 6pm (AEST/AEDT) Monday to Friday.

We also provide the latest information on the portfolios on our Fund Profile Tool, available at [mlc.com.au/fundprofiletool](http://mlc.com.au/fundprofiletool) It's an easy to use, interactive tool that gives you insight into how your money is managed including where your money is invested, current investment managers and how your investments are performing.

Thank you for choosing MLC to look after your investments needs.

Yours sincerely



Sam Wall  
General Manager  
Master Trust and Insurance Products  
MLC Wealth

### Important information

This is intended to provide general information only and has been prepared by MLC Investments Limited (MLCI) ABN 30 002 641 661 AFSL 230705 without taking into account your objectives, financial situation or needs.

References to 'we', 'us', or 'our' are references to MLCI. MLCI is the responsible entity of each of the investment options offered through MLC MasterKey Unit Trust. MLCI is part of the group of companies comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group).