Fund Snapshot

MLC Wholesale Diversified Debt Fund

Fund Overview

About the Fund

The fund aims to outperform the composite benchmark of 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Global Aggregate Total Return Index (hedged into Australian dollars), before fees, over 3 year periods.

The fund is diversified across different types of fixed income securities in Australia and around the world. The securities are predominantly investment grade and typically longer dated. Duration, a measure of the funds sensitivity to changes in interest rates, is normally in the range of 3 to 7 years.

Foreign currency exposures will be substantially hedged to the Australian dollar.

As a result of capital restructures of bond issuers, the fund may have an incidental exposure to shares from time to time.

Key Information

APIR Code MLC0839AU

Status Onsale

Product Size as at 30 Apr 2022
$10.98M

Commencement Date
1 Apr 2008

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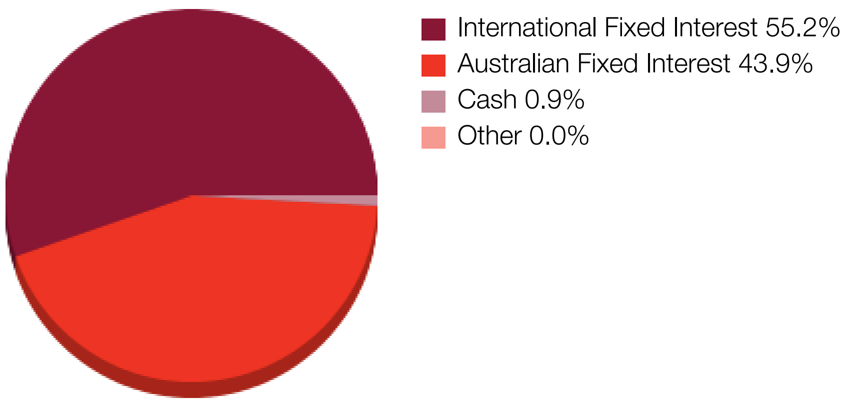
Fund Breakdown

By Asset Class as at 30 Apr 2022

The information displayed reflects the actual asset allocation based on the holdings within the fund at the effective date.



By Manager as at 30 Apr 2022

Asset Class	Manager	Percentage	Investment Amount
Australian Fixed Interest	Antares	22.0%	$2,203
	UBS	21.9%	$2,187
Cash	Cash	0.9%	$92
International Fixed Interest	Amundi	0.5%	$48
	Brandywine	10.6%	$1,059
	Loomis Sayles	2.0%	$199
	Muzinich	1.2%	$122
	Oaktree	1.0%	$105
	PGIM	19.1%	$1,907
	PIMCO	12.6%	$1,256
	Shenkman Capital	1.8%	$177
	TCW Asset Management	6.2%	$619
Other	Other	0.2%	$25
Total		**100.0%**	**$10,000**

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Performance

Historical Performance

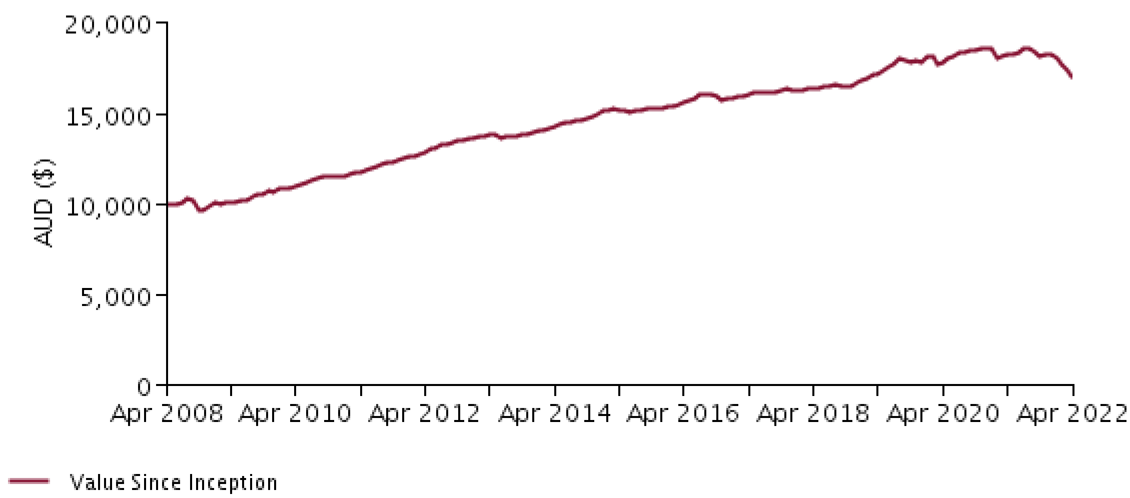
Absolute Fund Returns as at 30 Apr 2022

Returns for periods one year or greater are calculated on an annualised basis. All returns are calculated using end of month redemption prices assuming all distributions are reinvested and are net of management fees which may include administration fees, issuer fees and investment fees and prior to any individual tax considerations, and do not allow for initial entry fees.

The returns outlined below represent historical performance only and is not an indication of future performance. The value of an investment may rise or fall with changes in the market. Returns are calculated in accordance with FSC Standard No 6.

	3 month	6 month	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance	-5.6%	-6.0%	-6.5%	-0.3%	1.2%	2.8%	3.9%
Growth	-5.6%	-6.1%	-11.8%	-4.5%	-2.9%	-1.2%	-0.8%
Distribution	0.0%	0.1%	5.3%	4.1%	4.1%	4.0%	4.7%

Value Since Inception - MLC MasterKey Investment Service Fundamentals



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Commentaries

Fund Commentary

Performance drivers and positioning of the fund for the recent calendar quarter are explained below. Our investment experts also provide regular investment updates at mlcam.com.au/insights

The fund returned a negative 4.8% for the quarter and a negative 3.8% in the year to 31 March 2022 (before fees and tax). The fund outperformed the benchmark return for the quarter by 0.6% and by 1% over the year.

Global government bond yields have risen sharply over the past three months. Inflation concerns given higher commodity prices and persistent supply disruptions have been the key driver for rising bond yields. The Russian Ukraine conflict since 24 February 2022 has only intensified these global inflation concerns.

Corporate bonds have also proven sensitive to expectations for higher interest rates in coming years with the potential to slow global growth and impact profit margins.

Please refer to the Market commentary for an overview of what happened in other domestic and global markets over the quarter.

Note:
- Commentary for this fund will be updated approximately three weeks after the end of the calendar quarter.

Market Commentary

Asset class returns to 30 April 2022

Asset class	Calendar year-to-date	1 Month	3 Months	1 Year
Australian shares	1.4%	-0.9%	8.2%	10.2%
Global shares (hedged)	-11.6%	-6.9%	-7.3%	-3.1%
Global shares (unhedged)	-10.9%	-2.8%	-9.2%	2.8%
Emerging markets (unhedged)	-10.1%	-0.2%	-11.2%	-11.2%
Australian property securities	-6.1%	0.7%	3.7%	16.4%
Global property securities (hedged)	-7.4%	-4.0%	-2.0%	5.0%
Global listed infrastructure (hedged)	0.9%	-2.2%	3.7%	8.8%
Australian bonds	-7.3%	-1.5%	-6.3%	-7.5%
Global bonds (hedged)	-7.7%	-2.9%	-6.2%	-7.0%
Global high yield bonds (hedged)	0.1%	0.2%	-0.2%	2.7%
Australian inflation-linked bonds	-4.5%	-0.9%	-3.9%	-3.2%
Cash	0.0%	0.0%	0.0%	0.0%
AUD/USD	-2.3%	-5.4%	0.9%	-8.0%

Index data sources: Australian shares - S&P/ASX 200 Total Return Index; Global shares (hedged) - MSCI All Countries World (A$ hedged) ; Global shares (unhedged) - MSCI All Countries World; Emerging markets - MSCI Emerging Markets; Australian property securities - S&P/ASX 300 LPT Accumulation Index; Global property securities - FTSE EPRA/NAREIT Developed (A$ hedged); Global listed infrastructure (hedged) - FTSE Global Core Infrastructure 50/50 (Hedged $A); Australian bonds - Bloomberg AusBond Composite 0+ Yr Index; Global bonds (A$ hedged) - BCGA Global Agg (A$ hedged); Global high yield bonds (A$ hedged) - Composite of BCGA US Corp HY BB/B (A$ hedged) & S&P LSTA BB/B Leveraged Loan Index; Australian inflation-linked bonds - Bloomberg AusBond Inflation Government 0+ Yr Index; Cash - Bloomberg AusBond Bank Bill Index, WM/Reuters Daily (4pm GMT).

Global

Global shares (unhedged) delivered a disappointing return of -9.2% for the three months to April 2022**.** Investors were initially concerned about persistent inflation pressures, rising bond yields and the signal from the US central bank that higher interest rates were coming in 2022. Russias invasion of Ukraine on 24 February then generated alarm in financial markets**.** The tragic loss of Ukrainian lives, the traumatic flight to safety westwards and Russian President Vladimir Putins decision to place nuclear forces on high alert cast a troubling shadow across Europe.

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Wall Street made a sharp retreat from record highs set in early January. Inflation concerns dominated with US consumer price annual inflation reaching 8.5% in March. This is the highest inflation since 1981. US government bond yields rose sharply in response to these inflation risks, thereby denting investors previous optimism. The US Federal Reserve (Fed) responded by raising US interest rates by 0.25% in March and then signaling a further 0.5% increase was likely in May.

European shares also fell sharply in response to inflation concerns as well as the Ukraine crisis. The German DAX share index delivered a disappointing -8.9% return. Frances CAC was marginally more resilient with a decline of -6% with President Macron being re-elected.

Asian share markets also delivered very weak returns for the past three months. The MSCI China Index slumped by 14.2% (in local currency terms) given concerns over China's economic slowdown and the continued financial weakness of property development companies such as Evergrande. Japanese shares were a positive surprise with the Nikkei up 0.3% given the benefit of a sharply weaker currency.

Global bonds (hedged) delivered a weak -6.2% return for the quarter. Government bond yields have climbed as persistent inflation pressures is seeing central banks signal higher cash interest rates are likely.

Global high yield bonds (hedged) delivered a modestly negative -0.2% return. Investors have become cautious given rising inflation and weaker share markets.

Australia

Australian shares have been remarkably resilient to the global political and inflation concerns. For the three months to April, Australian shares delivered an exceptionally strong 8.2% return. The Energy sector led the market with an extraordinary 22.2% gain as oil and gas prices surged in response to the Ukrainian conflict. Utilities also made extraordinary gains with a 21.6% return. The Resources sector made very strong gains (12%) with higher iron ore and metal prices. However, there was a disappointing return from the Information Technology (-5.2%) and Consumer Discretionary (-4.1%) sectors which struggled with rising bond yields and a more cautious assessment by investors.

Australias economy appears to be improving judging by recent solid gains in business surveys, employment and spending. Yet surveys also show a more cautious consumer which appears due to rising inflation pressures.

Looking forward

Global economic activity was showing more promising signs entering 2022 given low interest rates and the virus threat moderating. However the troubling trio of rising inflation, higher interest rates and the conflict in Ukraine is now providing a more challenging investing climate. Investors face a difficult task in assessing these considerable inflation, interest rate and political risks this year.

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