

MLC Premium Model Portfolios

Portfolio changes

Effective date: 23 January 2025

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. These updates provide investment rationale for adding a new holding, removing an entire holding, or making a significant change to a Model Portfolio. Details of Portfolio re-weightings or re-balances occur normally in the course of managing the Portfolio and are included in our portfolio updates.

What changes have we made?

Increase	Portfolio change	Rationale
Aristocrat Leisure Ltd (ALL)	High Growth 98: +0.70%	We have initiated a new position in Aristocrat Ltd (ALL). Aristocrat has benefited from strong momentum, positive earnings revisions and improved sentiment towards its status as a 'global grower'. Our analyst has materially raised the stock's valuation – considering an improved outlook for medium-term market share in the US gaming industry – although the raw valuation metrics remain stretched. Aristocrat offers what we see as an attractive risk adjusted expected return on our 'Factor Neutral Sector Neutral' basis, and balances our portfolio exposure away from low beta and toward size more evenly.
	Growth 85: +0.70%	
	Balanced 70: +0.70%	
	Moderate 50: +0.60%	
Woodside Energy Group Ltd (WDS)	High Growth 98: +0.30%	We have added to our position in Woodside Energy Group Ltd (WDS). Recent production results have been solid and the 1H24 result was ahead of consensus. The company continues to score well on profitability, our direction LT measures, and has seen some improvement in its risk & quality metrics. Natural gas prices have improved globally in recent months and Woodside remains comfortably below its fair value, so we again top up to align with its better valuation upside.
	Growth 85: +0.30%	
	Balanced 70: +0.30%	
	Moderate 50: +0.25%	
Fisher & Paykel Healthcare Corporation Ltd (FPH)	High Growth 98: -0.50%	We have exited our position in Fisher & Paykel Healthcare Corporation Ltd (FPH). As a quality business FPH has been a strong performer since we established the position, outperforming the broader ASX200 Index by 17% and adding over 0.40% excess return for the strategy. With its short term direction edging lower and the assessed fair value materially below the share price we take this opportunity to exit. This will also aid our management of low beta exposure as we move into Aristocrat as a new name within the strategy.
	Growth 85: -0.70%	
	Balanced 70: -0.70%	
	Moderate 50: -0.60%	
QBE Insurance Group Ltd (QBE)	High Growth 98: -0.30%	We have trimmed our position in QBE Insurance Group Ltd (QBE) as the stock has performed well recently and no longer warrants such a large overweight given the balance of signals across all our lenses. Strong results from peers and a supportive backdrop on short-term interest rates have helped the stock track toward recent highs ahead of its FY24 result. We expect QBE to continue to build credibility, report a solid outlook for FY25 and see further re-rating, however the current valuation signal warrants a smaller active position.
	Growth 85: -0.30%	
	Balanced 70: -0.30%	
	Conservative 30: -0.25%	
Wesfarmers Ltd (WES)	Moderate 50: -0.25%	We have trimmed our position in Wesfarmers Ltd (WES) as the stock has deteriorated across all our lenses. Persistent retail sales data has benefited Wesfarmers over the past year, as well as its diversity of businesses and index support. With its valuation getting stretched and direction easing, its reduced valuation mispricing signal warrants a smaller active position.
Cash	High Growth 98: -0.20%	

The approximate portfolio change amount is not a guarantee of a change to a client's portfolio. There may be differences between the Model Portfolio and a client's portfolio due to 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.

Important Information

Portfolio changes outlined in this document are expected to be implemented by the client's platform, in due course.

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