

MLC Premium Model Portfolios

Portfolio changes

Effective date: 15 April 2024

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?

Addition	Portfolio change	Rationale
Xero Ltd (XRO)	High Growth 98: +0.60%	We have initiated a position in Xero Ltd (XRO). XRO is a leading provider of cloud-based software and accounting services to small business. Our analyst has recently upgraded its quality rating on the back of the perceived improvement in management's capability. The recent tech rally, on AI and data centre themes, has seen XRO trading significantly below tech peers (such as WiseTech Global Ltd and Nextdc Ltd) on price multiples. Based on its decent valuation on relative basis and good growth characteristics, we added XRO to our portfolio. Holding XRO also reduces our tech underweight and better calibrates the portfolio beta.
	Growth 85: +0.60%	
	Balanced 70: +0.55%	
	Moderate 50: +0.50%	
	Conservative 30: +0.45%	
Removal	Portfolio change	Rationale
Northern Star Resources Ltd (NST)	High Growth 98: -0.60%	After a meaningful contribution over the past 18 months, Northern Star Resources Ltd (NST) has been removed from the direct equity strategy. On the back of gold price at record highs our analyst did a review on the gold price and a deep dive in NST, and concluded NST's valuation is too stretched. We see the relationship between the gold price and the inverted real bond yield in the US, as essentially breaking down since mid-2022 following a strong multi decade correlation. We take this opportunity to exit NST to take profits and swap into XRO that offers better multi-lens expected return.
	Growth 85: -0.60%	
	Balanced 70: -0.55%	
	Moderate 50: -0.50%	
	Conservative 30: -0.45%	

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.

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ASSET MANAGEMENT

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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