

MLC Premium Model Portfolios

Portfolio changes

Effective date: 30 January 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 / Increase	Portfolio change	Rationale
Worley Ltd (WOR)	High Growth 98: +0.80% Growth 85: +0.60% Balanced 70: +0.60% Moderate 50: +0.40% Conservative 30: +0.40%	We have initiated a new position in Worley Ltd (WOR) after the recent sell-off in the stock. We have a long held positive insight into Worley's top-line growth, as de-carbonisation and rectifying the energy shortage during the energy transition drive revenue. However recently the company was embroiled in an Ecuadorean contracting corruption scandal. Our team has met with management and believe the issues are largely historical and inconsequential. This has provided a better valuation entry point for what we see remains a high quality company with an attractive enough overall Factor Neutral Sector Neutral (FNSN) signal to warrant its return to the portfolio. We note that Worley has strong co-movement with contracting/oil, so we have adjusted energy exposure accordingly, reducing exposure in Woodside Energy Group (see below).
Macquarie Group Ltd (MQG)	High Growth 98: +0.30% Growth 85: +0.25%	We have added to the existing Macquarie Group Ltd (MQG) position. MQG has bounced off lows late last year and maintains an attractive mix of signals in the financials space without adding to our insurance exposure from a super-sector perspective. Macquarie's multi-faceted business model continues to demonstrate resilience, where recent delivery on infrastructure fund raising initiatives further support our constructive long term investment view.
Removal / Reduction	Portfolio change	Rationale
Vicinity Centres (VCX)	High Growth 98: -0.60% Growth 85: -0.60% Balanced 70: -0.60% Moderate 50: -0.40% Conservative 30: -0.40%	After a solid contribution to the total portfolio over the past year, Vicinity Centres (VCX) has been removed from the portfolio. The domestic consumer has to date proven more resilient helping to support strong re-leasing results for retail malls. We see Scentre Group offering more upside potential, and believe Vicinity is no longer as attractive within the 'REAL' super-sector, where we have been overweight but are comfortable reducing exposures on the basis of much lower rate scenarios being far from a foregone conclusion.
Woodside Energy Group Ltd (WDS)	High Growth 98: -0.30% Growth 85: -0.25%	We have reduced the position in Woodside Energy Group Ltd (WDS) as it no longer offers as strong a Factor Neutral Sector Neutral (FNSN) alpha signal, and has seen some deterioration in direction scores. The group is in potential merger discussions with Santos that in our view don't appear to offer large synergies. This is further supported by balancing our Resources overweight and adding to an 'energy co-mover' in Worley Ltd (WOR).
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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