

Key facts

Income versus growth target



Income Growth

Market cap bias



Large Small

Investment strategy

A portfolio of ASX-listed equities designed for long-term capital growth and some tax-effective income

Investment objective

Outperform index by over 3% p.a.

Benchmark index

S&P/ASX 100 Accumulation Index

Portfolio Manager

Will Riggall

Inception date

February 2008

Management fee

0.75% p.a. (may vary across platforms)

Number of stocks

25-35

Key platforms

Brightday, Linear, OneVue, Praemium

Performance (% returns greater than one year are p.a.)¹

At month end	1 mth	3 mth	1 yr	3 yr	5 yr	10 yr	Inception
Ralton	3.02%	1.76%	11.98%	8.90%	8.67%	10.89%	7.48%
Income	0.29%	0.45%	3.91%	3.47%	3.91%	4.00%	4.35%
Growth	2.74%	1.31%	8.07%	5.42%	4.75%	6.88%	3.14%
Index ²	2.36%	-1.12%	11.02%	8.82%	8.57%	9.87%	6.33%
Outperformance	1.58%	0.27%	2.23%	0.22%	-0.12%	0.94%	1.11%

¹ Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. Total returns assume the reinvestment of all portfolio income.

² Index means the S&P/ASX 100 Accumulation Index.

Portfolio Commentary

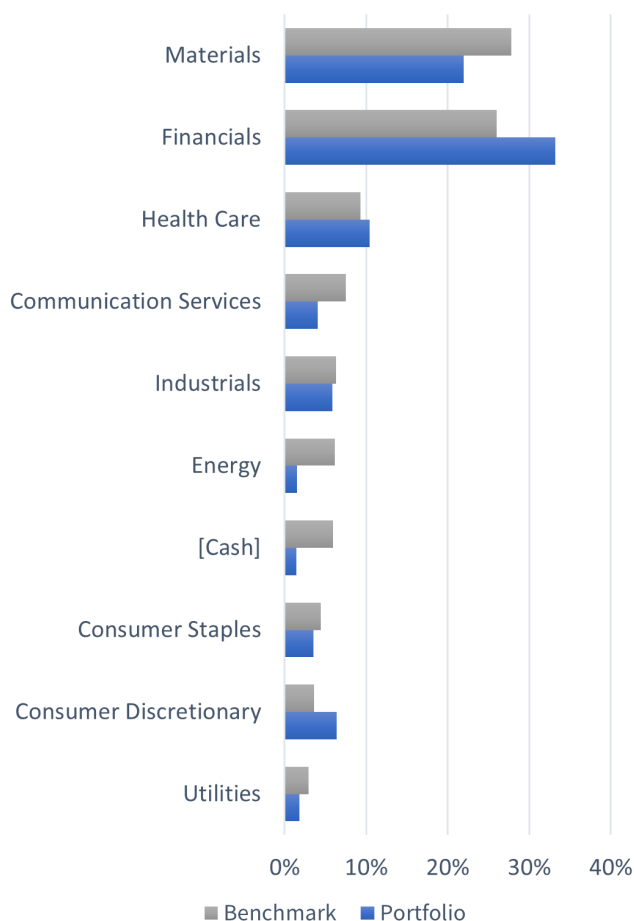
The Australian share market materially outperformed global markets, led by the defensives sector in Utilities (+9.33%) and Staples (+3.29%) while the falling Tech (-10.37%) sector was joined by the Materials sector (-4.34%) after a very strong run since late 2021. Central banks continued to flag higher rates which saw long term bond yields march higher, putting high PE valuations at risk, but we are also starting to see broader concern for equity markets emerge. Questions remain whether central bank rate tightening can be done without disrupting global growth momentum. We are of the view that the market is entering a consolidation phase where described global growth uncertainty will lead to the Resource sector taking a breath after a strong run with a continuing period of elevated volatility. We have bolstered the resilience of the portfolio recently taking profits in higher beta resources, less liquid stocks and industrials sectors while simultaneously adding to the defensive sectors in Staples and Utilities. While we are expecting volatility to remain we believe the second half of the year should deliver a period of solid investment returns. The trigger for this being early signs lower inflation risks, likely China stimulus and continued recovery in the global economy. In this environment, our focus on fundamental investing and construction of conviction positioning will be rewarded. We see the current volatility as an excellent opportunity to build positions in future leaders.

Portfolio Performance

The Ralton Leaders Portfolio outperformed the ASX300 Accumulated Index in April, taking the total return over the last year to +13.45%, +2.23% ahead of the index.

Contributors	Comment
Ramsay Health Care Limited (RHC) 24.50%	RHC was the best performer on the ASX 200 in April with a 24.5% gain. Investors were buying the private hospital operator's shares after it received a takeover approach from a consortium led by KKR. Hospital operators have traded in and out of PE hands and we expect the transaction to complete.
Amcors PLC Shs Chess Depository Interests (AMC) 10.39%	Key FMCG customers Coke and Pepsi reported strong results during the month bodes well for the company's upcoming result. Strong volumes from US companies and evidence that suppliers such as Amcor are successfully passing through price increase should see further strong performance.
Mineral Resources Limited (MIN) 11.06%	The insatiable demand for lithium in the electric vehicle market along with tight supply has seen prices for the key battery metal surge. Lithium prices are expected to remain strong during the current quarter which bodes well for MIN.
Detractors	
Northern Star Resources Ltd (NST) -8.57%	Despite the recent decline, NST continues to show evidence of improving operational capabilities, delivering both production and cost synergies as evidenced in the 1H22 result.
Aristocrat Leisure Limited (ALL) -8.28%	Aristocrat declined in April as the market awaits their 1H22 result which will be released in May. Consumer Discretionary stocks have been impacted by negative sentiment as rising rates are expected to challenge consumer spending power.
Nine Entertainment Co. Holdings Limited (NEC) -9.43%	Industry feedback continues to indicate a positive advertising market for Australian media companies. However, the market grew cautious as to the outlook for Nine's Stan business as Netflix had a precipitous fall following the unearthing of unpaid accounts. We see limited read through for the domestic streaming players.

Sector Positioning



Top 10 holdings (alphabetical)

Aristocrat Leisure Limited
 BHP Group Limited
 Coles Group Limited
 Commonwealth Bank of Australia
 CSL Limited
 National Australia Bank Limited
 QBE Insurance Group Limited
 Santos Limited
 Telstra Corporation Limited
 Westpac Banking Corporation

Portfolio metrics*

	Ralton	XTOAI [^]
# of Securities	24.0	99.0
Market Capitalisation	71827.7	83627.5
Active Share	57.5	0.0
Tracking Error	3.3	0.0
Beta	1.0	1.0
Est 3-5 Yr EPS Growth	9.7	6.3
ROE	16.1	16.8
Dividend %	4.2	4.1
P/E using FY2 Est	16.9	20.9
Price/Cash Flow	10.0	11.7

* Source: FactSet

[^] XTOAI means the S&P/ASX 100 Accumulation Index (Index). The Index is shown for comparative purposes only. Index returns do not allow for transaction, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index.

Portfolio Activity

BUY

Qantas Airways Ltd (QAN)

The global airline industry has been one of the hardest hit during pandemic. However as an astute CEO once said, "never waste a crisis". Not only does the domestic airline industry look to be a more rational duopoly under the new virgin, but under Alan Joyce, Qantas has emerged a more efficient business by which the rapid expected increase in revenue should see material upside to earnings. Trading below 10x PE, at a discount to global peers, with arguably a better industry structure and a loyalty business that conservatively represents half of a SOTP valuation, we take advantage of recent weakness from "Omicron" to initiate a position.

SELL