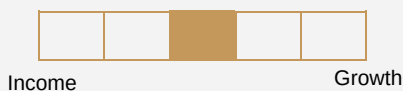
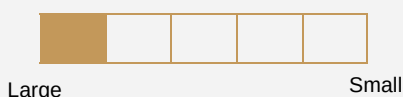


## Key facts

### Income versus growth target



### Market cap bias



### 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.)<sup>1</sup>

At month end	1 mth	3 mth	1 yr	3 yr	5 yr	10 yr	Inception
Ralton	<b>6.73%</b>	<b>3.32%</b>	<b>4.17%</b>	<b>7.74%</b>	<b>7.96%</b>	<b>10.19%</b>	<b>7.41%</b>
Income	0.00%	1.73%	3.37%	3.35%	3.85%	3.96%	4.31%
Growth	6.73%	1.59%	0.80%	4.40%	4.11%	6.22%	3.10%
Index <sup>2</sup>	<b>5.90%</b>	<b>1.14%</b>	<b>-0.30%</b>	<b>5.33%</b>	<b>7.64%</b>	<b>9.06%</b>	<b>6.14%</b>
Outperformance	<b>0.83%</b>	<b>2.18%</b>	<b>4.48%</b>	<b>2.41%</b>	<b>0.32%</b>	<b>1.12%</b>	<b>1.27%</b>

<sup>1</sup> 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.

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

## Portfolio Commentary

October witnessed a strong rebound in global share markets. Investors are again looking for signs of easing inflation with bond markets starting to reflect expectations.

So far, the US reporting season is supporting markets with the Industrial sector showing strength, while clouds gather around the US Information Technology sector as companies show the strain of higher costs and slowing top lines. In Australia to date, the mini-Bank reporting season has delivered strong outcomes for the sector, with net interest margin expansion to date outpacing the slowing property market. AGM updates were also a feature with Woodside delivering a standout production update sending the stock to new highs.

Reflective of the changing external environment we have looked to gain exposure to the Australian economy as households appear to be weathering higher interest rates well. In a global context we continue to believe structural shortages in commodities when met with increasing demand are delivering pockets of opportunity. Reflective of this we have remained overweight Energy and Lithium while being cautious Iron Ore due to the clouded outlook for China demand as COVID-19 cases again surge. At a portfolio level we are seeing the benefits of active positioning through strong portfolio performance.

In October key drivers included exposure to the Banking sector which led the market up +14.5% and the Energy sector which was up +9.5%. Quite often in funds management its more about what you don't own and while extremely hard to predict, we avoided the significant decline in Medibank as the company reported a large hack by international actors.

We are of the belief that the current rally in markets can continue with the likelihood that the elevated concern around the Fed's pace of tightening will continue to ease. Key risks to the outlook continue to include sharper slowing economic activity in China and Europe as well as irrational action from the Fed.

## Portfolio Performance

The Ralton Leaders Portfolio outperformed the ASX100 Accumulated Index in October, taking the total return over the last year to 4.17%, +4.48% ahead of the index return of -0.30%. A focus on investing in companies with strong competitive advantages and valuation support has held the portfolio in good stead during the period of volatility.

Contributors	Comment
<b>Fortescue Metals Group Ltd (FMG)</b> -12.6%	FMG produced 48mt of iron ore in the September quarter and again reiterated annual production guidance of around 190mt. They achieved 84% of the benchmark price which is a significant increase from last year where they were only achieving around 75%. The stock trades on a free cashflow yield of 6% using conservative commodity price assumptions.
<b>Rio Tinto Limited (RIO)</b> -5.5%	RIO's September quarterly was released during the month. The highlight was strong iron ore growth of 5%. But they downgraded their copper volume guidance due to problems at the Kennecott (North American) smelter. Cashflow is expected to be strong this year due to a delay in their decarbonization investments. The company also announced they will go to 100% of the Oyu Tolgoi (Mongolian copper asset).
<b>Westpac Banking Corporation (WBC)</b> 16.8%	WBC rallied in October as a rising rate environment improved investor sentiment given margin expansion expectations on long term assets. Credit quality remains excellent but will most likely come under increasing pressure given a rising repayment profile. Management remains not overly concerned but has stressed increased attention on SME loans exposed to the discretionary sectors which are already showing signs of stress.
Detractors	
<b>Commonwealth Bank of Australia (CBA)</b> 15.4%	CBA remains the premier Australian bank, a market leader in all segments including business banking growing its market leading share to 23.3% as of June 2022. It leads the pack in terms of digital innovation, is ranked number one for both consumer and business digital banking experiences and has been ranked as the number one digital bank by Canstar for 13 years in a row. This operational efficiency gained by technology advancement has translated to a higher return on equity over time versus peers. CBA doesn't come cheap, trading at a significant premium to peers. The stock price rallied in October as investors warmed to a more favourable net interest margin environment.
<b>Coles Group Ltd (COL)</b> -0.06%	COL failed to keep up with the broader strength in the market as 1Q23 sales growth illustrated slowing sales amid flood induced cost inflation muting the opportunity for margin expansion. Supply chain induced inflation is expected to remain a sector wide headwind, however, post the pullback we see value in the sector.
<b>Australia and New Zealand Banking Group Limited (ANZ)</b> 12.1%	The financial sector performed well in October with ANZ ahead of the index as investor sentiment warmed to an improved net interest margin outlook given the rising rate environment offsetting asset quality concerns. ANZ released full year results on 27 October indicating an increase in return on equity, dividend per share and net interest income. Capital ratios remain elevated at 12.3% with impairments and non-performing loans at low levels given the low average interest rates during the year.

## Portfolio Activity

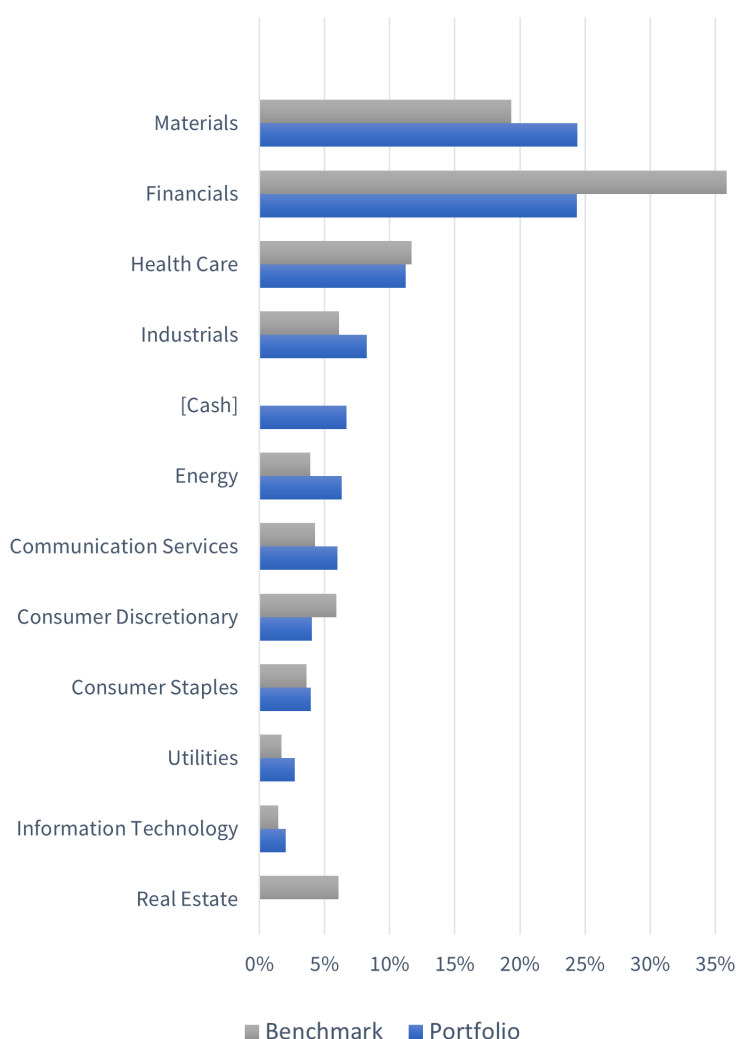
### BUY

N/A

### SELL

N/A

## Sector Positioning



## Top 10 holdings (alphabetical)

Amcor PLC Shs Chess Depository Interests  
 Aristocrat Leisure Limited  
 BHP Group Ltd  
 Coles Group Ltd.  
 Commonwealth Bank of Australia  
 CSL Limited  
 National Australia Bank Limited  
 Telstra Corporation Ltd TEMP  
 Westpac Banking Corporation  
 Woodside Energy Group Ltd

## Portfolio metrics\*

	Ralton	XTOAI <sup>^</sup>
# of Securities	27	98
Market Capitalisation	65,684.3	78,448.2
Active Share	55.6	--
Tracking Error	3.33	--
Beta	0.91	1.00
Est 3-5 Yr EPS Growth	7.3	4.7
ROE	17.1	16.4
Dividend %	4.52	4.70
P/E using FY2 Est	12.4	13.5
Price/Cash Flow	9.9	10.5

\* Source: FactSet

<sup>^</sup> 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.