

Ralton Australian Equity Ex 50

Monthly Portfolio Report | January 2023



Key facts

Income versus growth target



Market cap bias



Investment strategy

A portfolio of ASX-listed equities designed to provide high capital growth

Investment objective

Outperform index by over 4% p.a.

Benchmark index

S&P/ASX Small Ordinaries Accumulation

Portfolio Manager

Will Riggall

Inception date

February 2008

Management fee

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

Number of stocks

20-35

External ratings

Zenith "Approved"

Key platforms

HUB24, NetWealth, Praemium, OneVue, Powerwrap, Linear, Xplore, Wealth02

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		4.62%	5.62%	-1.98%	0.90%	1.63%	7.59%	6.31%
Income		0.00%	0.35%	2.55%	2.43%	2.54%	2.90%	3.35%
Growth		4.62%	5.26%	-4.53%	-1.53%	-0.90%	4.69%	2.96%
Index ²		6.56%	7.64%	-4.44%	2.41%	4.35%	5.37%	2.42%
Outperformance		-1.94%	-2.02%	2.45%	-1.51%	-2.72%	2.23%	3.89%

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 Small Ordinaries Accumulation Index

Portfolio Performance

The Ralton Ex-50 Portfolio underperformed the ASX Small Ordinaries Index in January, taking the total return over the last year to 12.81%, +17.25% ahead of the -4.44% index return. A focus on investing in companies with strong competitive advantages and valuation support has held the portfolio in good stead during an extended period of volatility.

Contributors	Comment
ARB Corporation Limited (ARB) 24.0%	As interest rate and inflationary expectations looking to have peaked earlier than markets anticipated, January brought a strong mean reversion in share price performance for ARB rising +24%. We maintain the view that ARB is one of the highest quality consumer discretionary companies on the ASX. With its growth outlook supported by a strong order book, pricing power and pipeline of new products, it should position them for improving gross profit margins in 2H23 as input prices continue to decline.
Calix Ltd (CXL) 24.1%	ESG tailwinds for CXL and its Calciner technology remain very positive. The company has a number of potential growth drivers which if delivered should drive valuation. In January, the group announced it had been awarded funding to produce sustainable fuels from captured process Co2 emissions, the share price reacted positively to this news.
Corporate Travel Management Limited (CTD) 24.6%	CTD's share price took off during January, rising an impressive +25% significantly outperforming the ASX Small Industrials which returned +7%. The strength was underpinned by better than expected economic and consumer data against a backdrop of fears against an aggressive monetary policy tightening cycle, potentially muting or delaying the near-term risk of recessionary impact on corporate travel spend.



Detractors	Comment
Incitec Pivot Limited (IPL) -8.5%	IPL declined 8% in the months amid a strong market as its key product ammonia declined. Ammonia demand has remained depressed after a warmer than expected European winter. We expect commodity prices to stabilise and the strong farming demand environment to drive strong growth.
Steadfast Group Limited (SDF) -4.2%	The Steadfast Group went through a significant increase in its share price leading up to December, benefiting from upward trend in insurance premiums as insurance providers passed on the costs associated with inflation. For January, market sentiment shifted towards rate expectations, resulting in a retraction of the share price from its all-time high. Despite this, we remain optimistic about the company's growth prospects as the demand for insurance products continues to escalate.
Perenti Limited (PRN) -4.6%	PRN has been an excellent performer for the portfolio over the last financial year. Late last year the company upgraded FY23 guidance twice within 5 weeks, underscoring the strong performance of the operating business. While January saw a slight retrace in the share price, we remain confident in the outlook of the business.

Portfolio Activity

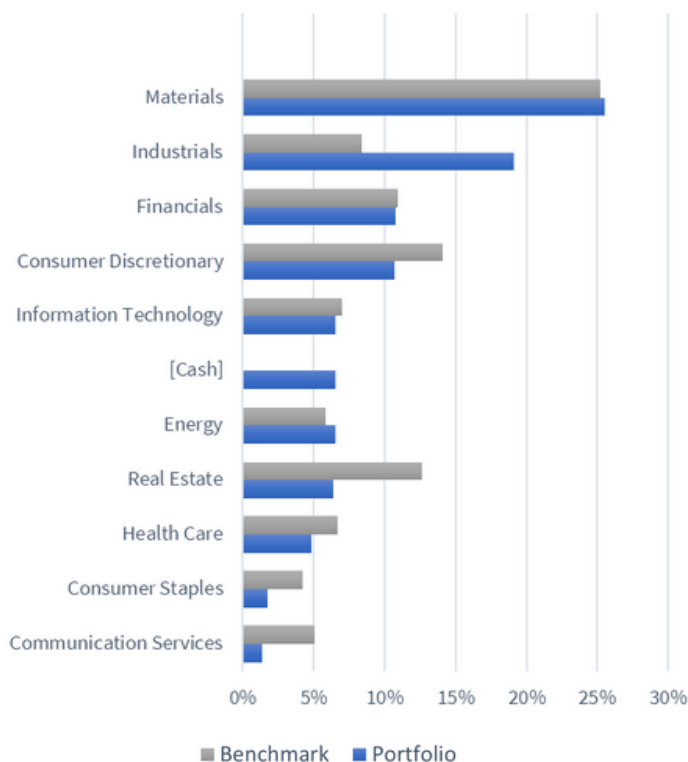
BUY

N/A

SELL

N/A

Sector Positioning



Top 10 holdings (alphabetical)

Centuria Industrial REIT	Perenti Limited
IGO Limited	Regis Resources Limited
IPH Ltd	Seven Group Holdings Limited
MMA Offshore Limited	Steadfast Group Limited
Nickel Industries Limited	Worley Limited

Portfolio metrics*

	Ralton	XSOAI [^]
# of Securities	37	199
Market Capitalisation	3,045.4	2,444.0
Active Share	85.6	--
Tracking Error	6.56	0.00
Beta	0.80	1.00
Est 3-5 Yr EPS Growth	3.7	5.6
ROE	10.1	11.9
Dividend %	2.85	2.97
P/E using FY2 Est	13.2	14.2
Price/Cash Flow	8.5	8.3

* Source: FactSet

[^] XSOAI means the S&P/ASX Small Ordinaries 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.