Ralton Leaders

Quarterly Portfolio Report | April 2023

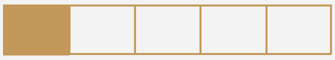
RALTON ASSET MANAGEMENT

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	**1.19%**	**-2.04%**	**2.80%**	**15.22%**	**8.51%**	**9.11%**	**7.49%**
Income	*0.00%*	*1.11%*	*3.87%*	*3.39%*	*3.83%*	*3.95%*	*4.30%*
Growth	*1.19%*	*-3.15%*	*-1.07%*	*11.83%*	*4.68%*	*5.16%*	*3.19%*
Index[2]	**1.74%**	**-0.90%**	**3.67%**	**14.61%**	**8.80%**	**8.11%**	**6.51%**
Outperformance	**-0.55%**	**-1.14%**	**-0.87%**	**0.60%**	**-0.29%**	**1.00%**	**0.98%**

[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 Performance

The Ralton Leaders Portfolio underperformed the ASX100 Index in April, returning 1.19%, versus the index return of 1.74%. 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
Rio Tinto Limited (RIO) -6.6%	RIO's March quarterly production numbers were below market consensus. Its iron ore production was 4% below expectations but the company was able to record flat shipping volumes due stockpiling of inventories. Copper production was below expectations by 9% and the company lowered its December 2023 guidance from 680kt to 615kt. In addition, bauxite and alumina were 7% and 4% below consensus respectively. Compared to BHP, RIO has a less organic growth in the near term and post the quarterly update consensus share price targets have been lowered marginally.
Northern Star Resources Ltd (NST) 9.3%	Although NST reported a softer quarter in production they also reiterated that FY23 guidance remains on target, implying the June quarter will be stronger. The softer March quarter was not a surprise with the Pogo plant down for a three week repair as released to the ASX. Pogo is now back at full production. The Kalgoorlie Consolidated Gold Mines (KCGM) plant was also down for repairs. During the month the company issued USD600 million of long term debt at favourable interest rates to fund the potential expansion at KCGM which will be an accretive long term growth strategy. For the June quarter we are expecting higher volumes and grades across all NST production facilities.

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Portfolio Performance

Detractors	Comment
Mineral Resources Limited (MIN) -8.6%	MIN released a soft March quarterly report with lower production than consensus in lithium, iron ore and mining services. Mt Marion spodumene costs were revised up from $875 per tonne to $1,225 per tonne while Wodgina spodumene production remains on target. Lithium battery chemical guidance is now 37% lower than prior guidance “reflecting current market dynamics”. Spodumene and lithium hydroxide prices remain soft despite medium term favourable fundamentals. The large Onslow iron ore project is a new growth project which is on target with first ore due in June 2024. In addition the company is advancing the Stanley Point Berth 3 project, exploring for gas in the Perth Basin and bidding to takeover Norwest ($400 million). We have revised our short term dividend projections sharply down to allow the company the flexibility to manage these projects within conservative debt levels.
Ramsay Health Care Limited (RHC.ASX) -2.8%	RHC is the largest private hospital operator in Australia, with an expanding international footprint. The Australian business remains the growth engine with an aging population and site expansion delivering structural top line growth. With post COVID rates of surgery occurring the major challenge facing the group is stagnating private health insurance membership and labour challenges. Consensus is now forecasting a return to pre-COVID growth and margins, we see this as overly aggressive and have sold out of this position.

Portfolio Activity

BUY

N/A

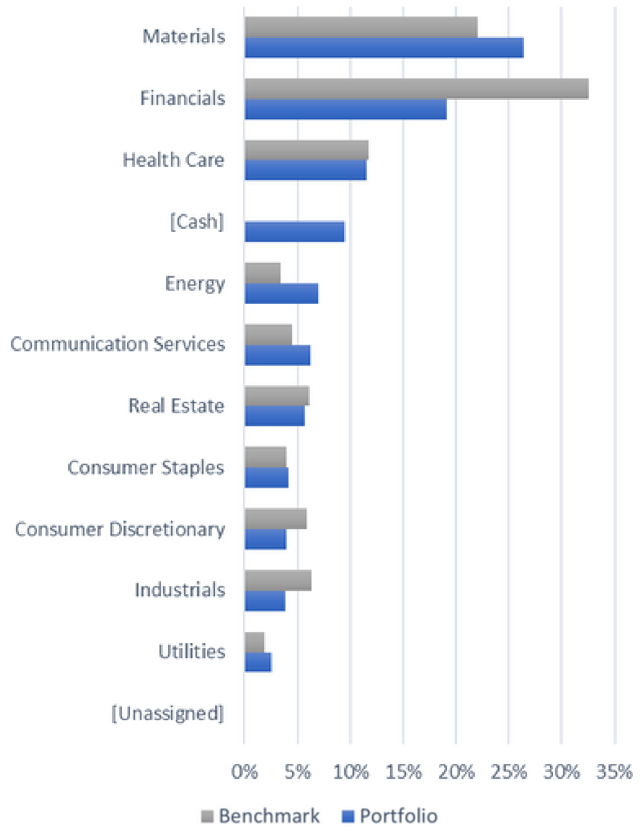
SELL

N/A

Top 10 holdings (alphabetical)

Aristocrat Leisure Limited	National Australia Bank Limited
BHP Group Ltd	Northern Star Resources Ltd
Coles Group Ltd	Telstra Group Limited
Commonwealth Bank of Australia	Westpac Banking Corporation
CSL Limited	Worley Limited

Sector Positioning



Portfolio metrics*

	Ralton	XTOAI^
# of Securities	*25*	*98*
Market Capitalisation	*70,013.0*	*81,907.9*
Active Share	54.0	--
Tracking Error	3.06	--
Beta	0.91	*1.00*
Est 3-5 Yr EPS Growth	6.9	3.9
ROE	18.2	*18.5*
Dividend %	4.44	4.37
P/E using FY2 Est	14.3	14.6
Price/Cash Flow	7.9	9.2

* 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 an in index.