

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.)¹

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	0.45%	-1.12%	10.62%	4.45%	12.77%	6.86%	9.20%	7.24%
Income	0.28%	0.76%	4.48%	3.91%	3.63%	3.80%	3.95%	4.30%
Growth	0.17%	-1.88%	6.14%	0.54%	9.14%	3.06%	5.25%	2.94%
Index ²	1.94%	1.17%	15.13%	4.60%	11.86%	7.76%	8.78%	6.40%
Outperformance	-1.49%	-2.29%	-4.51%	-0.15%	0.92%	-0.89%	0.42%	0.84%

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 June, returning 0.45%, versus the index return of 1.94%. 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
BHP Group Ltd (BHP) 7.1%	The BHP share price rose in the month as iron ore prices moved higher on news of potential government stimulus in China, supporting the outlook for iron ore. We continue to like BHP's increasing exposure to future facing metals and high quality iron ore projects which give ample free cash flow at spot prices.
James Hardie Industries PLC Chess Units of Foreign Securities (JHX) 4.9%	Whilst no company specific releases came out in June, JHX saw a significant rerate on the back of improving macro indicators in the US. Housing starts saw a substantial increase of 22%, a significant beat on consensus of -1%, with building permits also showing strong growth. Whilst the series is inherently volatile, it still represents the largest absolute increase since 1990 and relative increase since 2016. This reiterated the underlying robustness of housing demand in light of a 7% mortgage rate in the country.

Portfolio Performance

Detractors	Comment
Northern Star Resources Ltd (NST) -6.4%	<p>Gold stocks were generally weaker in June reflecting the 2.5% fall in the underlining commodity price due to higher interest rates. NST released the long-awaited final investment decision on the expansion of its KCGM project. The company has committed to spend \$1.5 billion to double the processing capacity. This accretive project is fully funded and ensures that NST will remain in the second quartile of the global gold stock cost curve for the long term.</p>
Worley Limited (WOR) -3.1%	<p>WOR's share price fell on no major news in June 2023. This may be attributable to MSCI Inc. reclassifying WOR's Global Industry Classification Standard (GICS) classification from Energy to Industrials, recognising WOR's strategic shift towards decarbonisation and sustainability-related work. This could have resulted in specialist energy sector managers selling WOR shares, weakening its share price. During the 1H23 results, management had indicated that wage inflation is a concern given a large portion of their expenses relates to their skilled engineering workforce. With inflation clearly sticker than anticipated compared to earlier in the year, it is also possible that investors may have taken the opportunity to de-risk their portfolios by reducing WOR exposures leading up to the end of FY23. We continue to see WOR as an attractive business with strong long term decarbonisation/energy transition growth potential.</p>

Portfolio Activity

BUY

Qube Holdings Ltd (QUB)	<p>QUB operates a portfolio of port and logistic assets across Australia which together provide the only end to end logistics solution for global companies. With the acquisition of Asciano, the former Patricks team under Chris Corrigan and now Paul Digney QUB offers shareholders exposure to operating assets with high barriers to entry and in our view increasing pricing power. The key near term risk is a slowing in logistic volumes however recent market diligence has uncovered evidence of increasing pricing power. Monopolistic like assets exposed to GDP growth with margin upside provides a strong investment proposition, with forecast 10% compound annual growth and a 3% fully franked dividend.</p>
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SELL

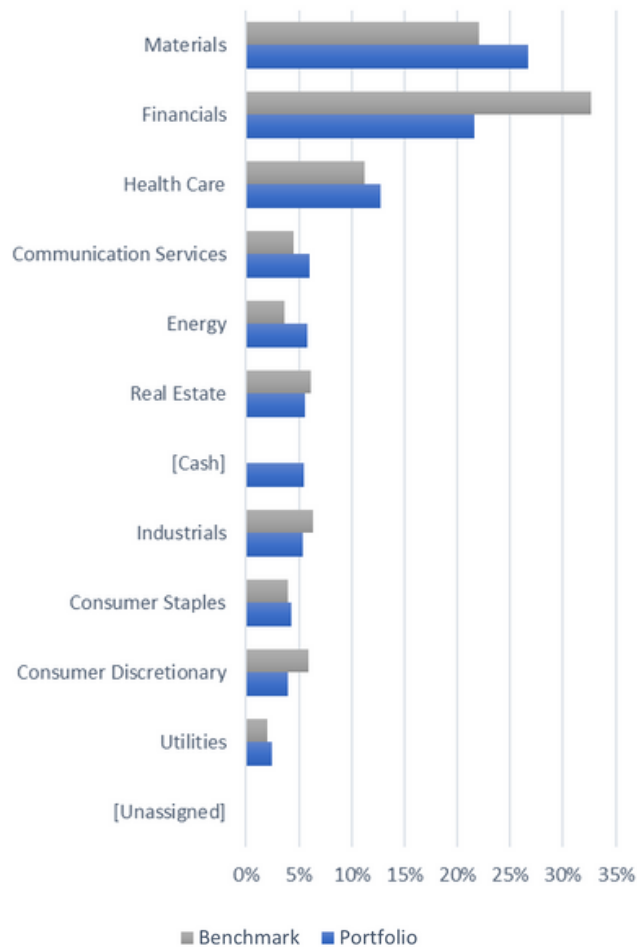
N/A

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited
 Aristocrat Leisure Limited
 BHP Group Ltd
 Coles Group Ltd
 CSL Limited

Macquarie Group Ltd
 Mineral Resources Limited
 National Australia Bank Limited
 Telstra Group Limited
 Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XTOAI [^]
# of Securities	29	98
Market Capitalisation	72,057.8	81,567.6
Active Share	49.1	--
Tracking Error	2.42	--
Beta	0.98	1.00
Est 3-5 Yr EPS Growth	1.3	2.1
ROE	19.4	18.5
Dividend %	4.62	4.56
P/E using FY2 Est	14.7	14.9
Price/Cash Flow	8.2	9.0

* 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.