

Ralton Australian Equity Ex 50

Monthly Portfolio Report | October 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	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	-5.15%	-9.28%	-4.31%	-8.11%	-0.02%	-0.08%	4.86%	5.34%
Income	0.09%	1.23%	2.74%	2.58%	2.64%	2.53%	2.77%	3.35%
Growth	-5.25%	-10.51%	-7.06%	-10.68%	-2.66%	-2.61%	2.10%	1.99%
Index ²	-5.45%	-10.45%	-5.10%	-11.95%	0.52%	2.55%	4.42%	1.49%
Outperformance	0.30%	1.17%	0.79%	3.85%	-0.53%	-2.63%	0.45%	3.85%

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 outperformed the ASX Small Ordinaries in October, returning -5.15%, versus the index return of -5.45%. 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
Regis Resources Limited (RRL) 16.1%	RRL benefitted from higher moves in the gold price in October, and receives a tailwind going forward from stronger gold price realisation due to their decreased hedge position. A final investment decision on McPhillamys remains the largest catalyst in FY24 for the company, along with feasibility study work on underground development of Tropicana. We remain positive on RRL's pipeline to drive future production growth.
Smartgroup Corporation Ltd (SIQ) 3.6%	SIQ's outperformance was catalysed by McMillan Shakespeare's robust trading update, signalling strong novated lease growth propelled by the government's Electric Car Discount Policy. With electric vehicles (EV) forming a growing slice of novated sales and low awareness offering room for market expansion, SIQ is well-positioned to capitalise on this momentum. The firm's potential to increase its share in the novated market, amid a rising EV trend, supports our outlook for sustained earnings growth and further upside.
Silver Lake Resources Limited (SLR) 24.3%	Strong upward movements in the price of gold during October supported a sector wide rally caused by increased geopolitical unrest in the Middle East. SLR is a high free cash flow underground gold miner with a strong balance sheet. SLR continues to explore inorganic growth opportunities, including an on-market equity position in gold miner RED5 who operates in the Leonora region of WA.
Detractors	Comment
IGO Limited (IGO) -24.7%	The price of lithium has continued to trend downwards in response to lower electric vehicle sales, meanwhile the price of nickel has remained soft. These factors have caused weakness in the price of IGO. Greenbushes remains the highest quality hard rock lithium mine globally and is competitively placed on the cost curve. Over the medium to long term we remain positive on IGO's leverage to the transport electrification thematic.



Detractors (cont.)	Comment
Credit Corp Group Limited (CCP) -37.7%	Credit Corp underperformed the index in October following a \$45 million post-tax impairment and a \$10 million guidance reduction, reflecting prolonged difficulties in US Purchased Debt Ledger (PDL) collections. Persistent collection challenges and management's assumption of these conditions continuing us to revise our forecasts downward and ultimately to divest from the stock. The decision to sell aligns with our disciplined investment approach, ensuring we mitigate risks and preserve capital in light of uncertain collection outcomes and a subdued earnings trajectory.
Seven Group Holdings Limited (SVW) -10.9%	Following a solid month in September, the stock retraced all its gains in October as negative sentiment continued with the rates higher for longer scenario taking centre stage in investors minds. This resulted in some profit taking, compounded by concerns relating to a potential scale back in infrastructure and construction projects.

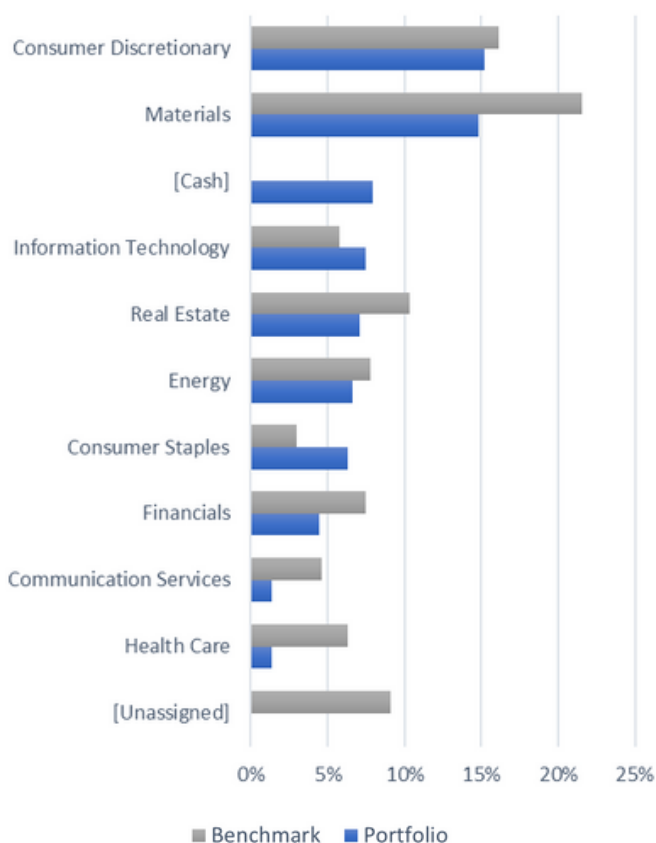
Portfolio Activity

BUY

SELL

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Sector Positioning



Top 10 holdings (alphabetical)

Hansen Technologies Limited	Ridley Corporation Limited
Johns Lyng Group Ltd	Seven Group Holdings Limited
Nick Scali Limited	Smartgroup Corporation Ltd
Perenti Limited	Steadfast Group Limited
Regis Resources Limited	Worley Limited

Portfolio metrics*

	Ralton	XSOAI [^]
# of Securities	35	202
Market Capitalisation	2,705.7	2,789.9
Active Share	87.7	--
Tracking Error	5.29	--
Beta	0.84	1.00
Est 3-5 Yr EPS Growth	13.8	3.8
ROE	14.7	10.8
Dividend %	3.05	3.09
P/E using FY2 Est	12.8	11.9
Price/Cash Flow	8.4	6.8

* 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.