Ralton Leaders

Monthly Portfolio Report | November 2023

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	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	**4.68%**	**-2.71%**	**-4.45%**	**3.36%**	**7.54%**	**7.98%**	**7.78%**	**6.96%**
Income	*0.70%*	*1.34%*	*3.85%*	*3.62%*	*3.77%*	*3.71%*	*3.91%*	*4.29%*
Growth	*3.99%*	*-4.05%*	*-8.29%*	*-0.26%*	*3.76%*	*4.27%*	*3.86%*	*2.66%*
Index[2]	**4.83%**	**-1.73%**	**1.66%**	**4.28%**	**7.95%**	**9.30%**	**7.48%**	**6.25%**
Outperformance	**-0.15%**	**-0.98%**	**-6.11%**	**-0.91%**	**-0.41%**	**-1.32%**	**0.30%**	**0.71%**

[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 November, returning 4.68%, versus the index return of 4.83%. 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
GPT Group (GPT) 13.8%	Bond yields retreated in November, as the market now anticipates the US Federal Reserve to materially cut rates in 2024. Naturally this is very positive for Australian real estate investment trusts (AREITs), particularly GPT which returned a stellar +13.8% over the month. The company provided a solid 3Q23 update early in November featuring sector leading retail releasing spreads, a rock solid logistics book, as well as 90% occupancy in its Office portfolio which proves the quality asset base is particularly resilient despite the challenging environment.
CSL Limited (CSL) 12.9%	CSL's stock price bounced back in November. Despite this we think there is still value in the company which we expect will grow earnings at a compound annual growth rate of +14% from FY23-FY27 driven by margin recovery across the business. We think CSL should also benefit from peaking interest rates, so we remain bullish on the outlook and anticipate a re-rating from here.
ALS Ltd. (ALQ) 15.9%	ALQ performed strongly during the month post the release of its half yearly results, which showed it beat market expectations with underlying net profit after tax (NPAT) above the top end of its guidance range. ALQ also maintained its leading earnings before income tax (EBIT) margins above 19%, supported by strong performance from its Environmental and Geochemistry businesses.
Detractors	**Comment**
Woodside Energy Group Ltd (WDS) -9.5%	Short term weakness in the price of oil translated to a lower share price for WDS during the month, driven by higher than expected US oil supply and a weaker global growth outlook. We are constructive on the potential merger between WDS and STO which could be an accretive deal to drive synergies between the two oil and gas majors.

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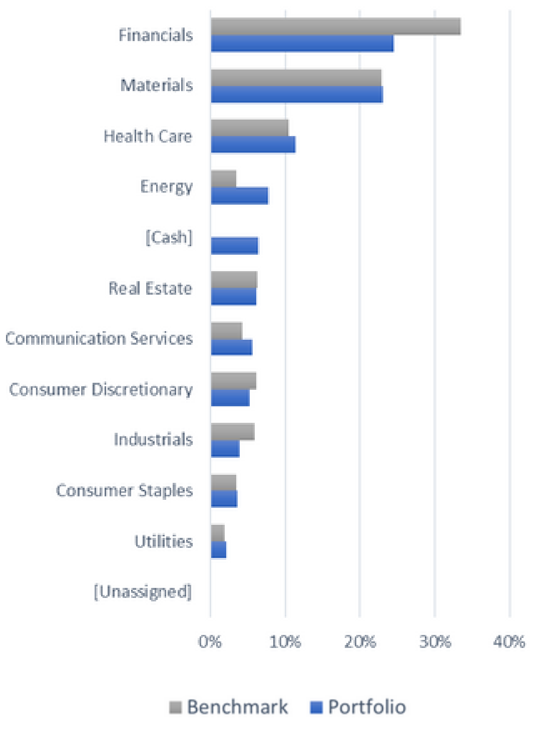
Portfolio Activity

BUY	
Rio Tinto Limited (RIO)	We have initiated a position in RIO funded by a reduction in our BHP allocation. This change serves to diversify our iron ore exposure between the two majors. We remain constructive on the price strength of iron ore going into 2024 and see upside to earnings expectations for both miners.
Macquarie Group, Ltd. (MQG)	MQG's share price has struggled to recover, unlike other retail banks, given market activities such as initial public offerings (IPOs) and merger and acquisition (M&A) opportunities have been silent on the back of the aggressive rate hike cycle. As the peak in rates approaches, we see MQG as well positioned to perform well as market activities and volumes pick up.
SELL	
ANZ Group Holdings Limited (ANZ)	ANZ's recent major strategy of pursuing volume to gain market share has resulted in net interest margin compressing harder than its peers. With the rate cuts sometime next year becoming more probable, this will likely put pressure on ANZ's top-line volume growth as the credit cycle turns around with ANZ having less room to grab market share strongly whilst margins compress.
BHP Group Ltd (BHP)	The BHP allocation has been reduced to fund the addition of RIO. This serves to diversify the portfolio's iron ore exposure between the two majors. We remain constructive on the price strength of iron ore as we head into 2024 and see upside to earnings expectations.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited
Aristocrat Leisure Limited
BHP Group Ltd
Coles Group Ltd
Commonwealth Bank of Australia
CSL Limited
Macquarie Group Ltd
National Australia Bank Limited
Telstra Group Limited
Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XTOAI^
# of Securities	*28*	*98*
Market Capitalisation	*74,587.9*	*84,621.1*
Active Share	52.0	--
Tracking Error	2.52	*0.00*
Beta	0.95	*1.00*
Est 3-5 Yr EPS Growth	3.6	4.4
ROE	19.5	*18.7*
Dividend %	4.57	4.32
P/E using FY2 Est	15.1	14.8
Price/Cash Flow	8.6	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 an in index.