

# Ralton Concentrated Australian Equity

Monthly Portfolio Report | December 2023



## Key facts

### Income versus growth target



### Market cap bias



### Investment strategy

A portfolio of ASX-listed equities designed to provide capital growth with some tax-effective income

### Investment objective

Outperform index by over 3% p.a.

### Benchmark index

S&P/ASX 300 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

### External ratings

Zenith "Approved"

### Key platforms

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

## Performance (% returns greater than one year are p.a.)<sup>1</sup>

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	5.62%	5.98%	4.42%	5.37%	8.70%	7.73%	7.69%	7.07%
Income	0.13%	0.79%	3.64%	3.45%	3.66%	3.61%	3.75%	4.10%
Growth	5.49%	5.19%	0.77%	1.92%	5.04%	4.11%	3.94%	2.98%
Index <sup>2</sup>	7.22%	8.36%	12.13%	4.95%	8.99%	10.27%	7.91%	6.25%
Outperformance	-1.59%	-2.38%	-7.72%	0.42%	-0.29%	-2.54%	-0.22%	0.82%

<sup>1</sup> 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.

<sup>2</sup> Index means the S&P/ASX 300 Accumulation Index.

## Portfolio Performance

The Ralton Concentrated Portfolio underperformed the ASX300 Accumulated Index in December, returning 5.62%, versus the index return of 7.22%. 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
<b>Commonwealth Bank of Australia (CBA)</b> 6.8%	CBA performed well in December as investor sentiment improved during the quarter, with the global market rallying into the Christmas period. CBA maintained margins across its loan books more effectively than its peers, and is well positioned to take advantage of consumer and business activities returning to growth in 2024.
<b>BHP Group Ltd (BHP)</b> 8.9	BHP has continued to perform strongly, driven by sustained strength in the iron ore price above USD130 per tonne. An improving view of China's economic conditions in 2024, tight iron ore inventory and higher than expected steel mill production rates have aided the price of iron ore. We see value in BHP as a diversified and high quality miner with attractive future facing growth projects.
<b>Northern Star Resources Ltd (NST)</b> 7.2%	Continued strength in the price of gold above USD 2000 per ounce during December moved the NST share price higher. We took advantage of the favourable price momentum to exit NST with proceeds going to Newmont Corporation (NEM.ASX) to take advantage of a superior franked quarterly dividend yield and provide exposure to NEM's high quality, global tier-1 jurisdiction operations.



## Portfolio Performance

Detractors	Comment
<b>Light &amp; Wonder, Inc. Shs Chess Depository Interests Repr 1 Sh (LNW) -7.4%</b>	Following a strong few months of performance, LNW took a breather in December. We continue to remain attracted to the long-term opportunity on offer by LNW supported by its highly capable management team, refreshed balance sheet, robust consumer and content led portfolio with enviable margins.

## Portfolio Activity

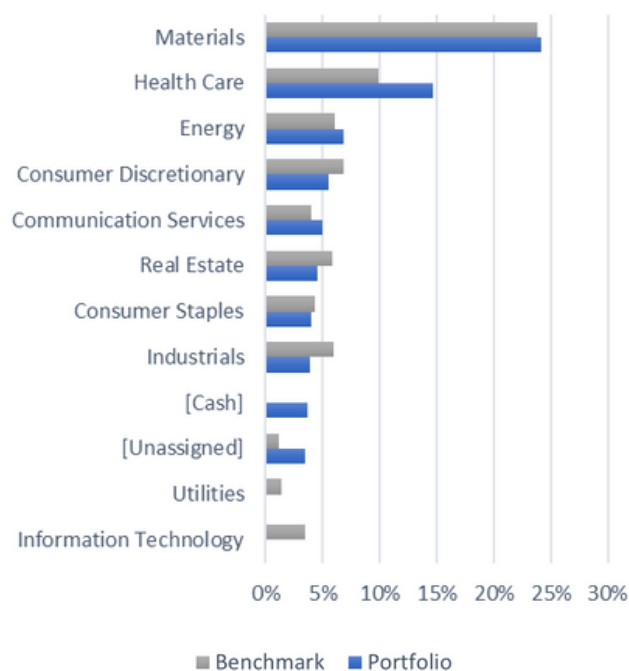
BUY	
<b>Newmont Corporation Registered Shs Chess Depository Interests Repr 1 Sh (NEM)</b>	NEM, a globally diversified gold miner, recently dual-listed after acquiring Newcrest Mining. With robust gold and copper production growth, strategic divestitures of non-core assets, and a leading quarterly dividend yield, NEM is an attractive replacement for NST in the portfolio.
<b>Jumbo Interactive Limited (JIN)</b>	JIN is the leading reseller of OzLotto and Powerball lottery tickets in Australia, through its web and app-based platforms. The company has been founder led and listed on the ASX in the early 1990s, seeing steady market share growth since then. JIN also provides white label lottery systems and software infrastructure and support to charities who hold large, national lotteries. It also has charity lotteries operations in the UK and Canada. The company is currently seeing some share price weakness off the back of a weak run of jackpots, which statistically will revert to the mean over the medium term. This provided us with an opportunity to initiate a position.
SELL	
<b>Northern Star Resources Ltd (NST)</b>	NST has been a strong performer for the portfolio with gold remaining a key commodity overweight position. However, due to NST's unfavourable tax position leading to unfranked distributions in 2024, it will be replaced by NEM. NEM not only provides a more robust quarterly dividend yield but is also our preferred gold exposure, driven by our positive outlook on its production growth profile and intensified focus on tier-1 jurisdiction opportunities.
<b>GPT Group (GPT)</b>	Australian real estate investment trusts (AREITs) rallied during November as investor sentiment shifted to expect rate cuts in 2024. Following a strong rally in the GPT share price, we decided to trim the top off the GPT position to manage the position size and redeploy the cash into other investments.
<b>Aristocrat Leisure Limited (ALL)</b>	We reduced our weighting in ALL post initiating a position in LNW. While we classify both ALL and LNW as clear market leaders and can operate as a duopoly, we see greater potential upside on offer via LNW underpinned by its new management team, transformed balance sheet and content led portfolio translating to enviable margins.

## Top 10 holdings (alphabetical)

ANZ Group Holdings Limited  
 BHP Group Ltd  
 Coles Group Ltd.  
 CSL Limited  
 Incitec Pivot Limited

Macquarie Group, Ltd.  
 National Australia Bank Limited  
 Resmed Inc CHESSE Depository Interests on a ratio of 10  
 CDIs per ord.sh  
 Telstra Group Limited  
 Woodside Energy Group Ltd

## Sector Positioning



## Portfolio metrics\*

	Ralton	XKOA1^
# of Securities	28	298
Market Capitalisation	81,384.4	80,415.1
Active Share	55.4	--
Tracking Error	2.81	--
Beta	0.93	1.00
Est 3-5 Yr EPS Growth	5.6	4.5
ROE	16.9	15.8
Dividend %	4.01	3.94
P/E using FY2 Est	16.2	15.9
Price/Cash Flow	9.7	9.8

\* Source: FactSet

^ XKOA1 means the S&P/ASX 300 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.