

Ralton Australian Equity Ex 50

Monthly Portfolio Report | January 2024

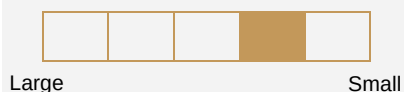


Key facts

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	-1.40%	9.58%	-0.72%	-1.35%	0.13%	1.89%	5.81%	5.86%
Income	0.00%	0.21%	2.60%	2.57%	2.69%	2.51%	2.75%	3.31%
Growth	-1.40%	9.37%	-3.32%	-3.93%	-2.56%	-0.62%	3.07%	2.55%
Index ²	0.90%	15.80%	2.10%	-1.22%	1.33%	5.44%	6.40%	2.40%
Outperformance	-2.30%	-6.22%	-2.82%	-0.13%	-1.20%	-3.55%	-0.59%	3.45%

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 underperformed the ASX Small Ordinaries in January, returning -1.4%, versus the index return of 0.9%. 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
MMA Offshore Limited (MRM) 11.2%	MRM was once again a key contributor to portfolio performance, as the market comes to terms with the strength implied by their half year guidance numbers provided in November. We believe MRM is in a structural earnings upgrade cycle, with strong demand across oil and gas, wind, defense and decommissioning projects. We look forward to what we anticipate will be another strong 1H result.
Smartgroup Corporation Ltd (SIQ) 11.4%	SIQ had strong share price performance January following its significant December contract win from McMillan Shakespeare. The company's growth is underpinned by a surge in demand for novated leases for electric vehicles, benefiting from favourable Australian tax legislation, an unwinding of its vehicle pipeline due to better car delivery times and the impact of a major contract win with the South Australian Government, expected to bolster earnings from 2H24.
Jumbo Interactive Limited (JIN) 12.9%	JIN's leading position as a reseller of OzLotto and Powerball tickets, coupled with extensive market experience since the early 1990s, has resulted in steady growth. With a compelling valuation and recent momentum from a \$200 million jackpot, JIN is well-positioned for continued growth throughout FY24.



Detractors (cont.)

Comment

Domino's Pizza Enterprises Limited (DMP)
-32.7%

PPS provided the market with a trading update at its AGM in late November. It revealed a significant increase in planned investment, an increase in one-off costs and a slight deterioration in platform revenue margins. This increased investment caught the market by surprise and sent the share price lower. The update was disappointing and calls into question the ability of Praemium to stay competitive with its two larger peers, Hub24 and Netwealth.

Perenti Limited (PRN) -21.6%

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.

Calix Ltd (CXL)
-50.9%

CXL share price is highly correlated to the EU carbon permit price which has fallen circa 30% over the last 6 months. On top of that was news that CXL's flagship Leilac-2 project will move from one Heidelberg site to another location, resulting in a minimum 6 month delay due to poor macro conditions in Germany. Despite these setbacks, we continue to see value in CXL, anticipating a recovery due to the ongoing significant social and economic impacts of carbon emissions.

Portfolio Activity

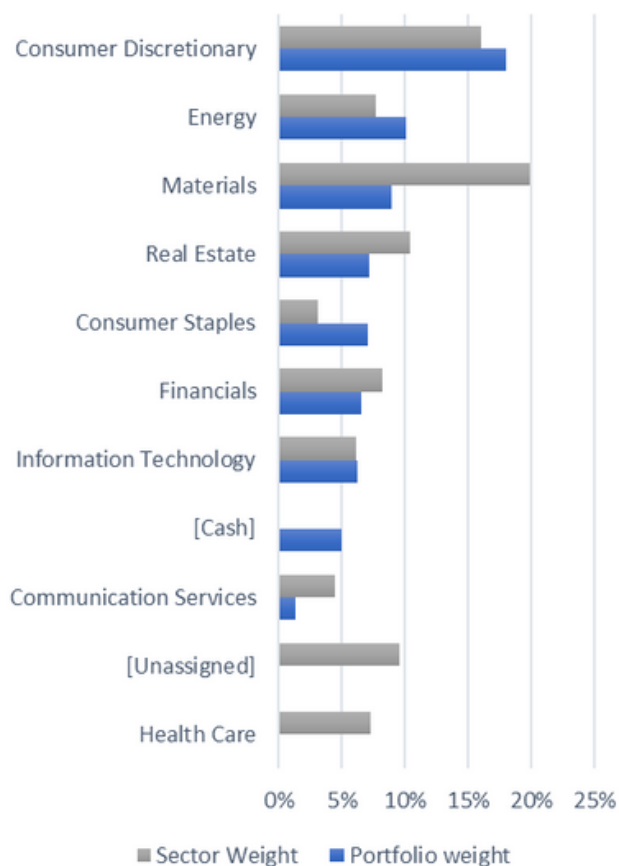
BUY

N/A

SELL

N/A

Sector Positioning



Top 10 holdings (alphabetical)

ARB Corporation Limited	Reliance Worldwide Corp. Ltd.
Hansen Technologies Limited	Ridley Corporation Limited
Johns Lyng Group Ltd	Seven Group Holdings Limited
MMA Offshore Limited	Smartgroup Corporation Ltd
Nick Scali Limited	Steadfast Group Limited

Portfolio metrics*

	Ralton	XSOAI [^]
# of Securities	36	199
Market Capitalisation	3,025.7	3,526.3
Active Share	88.4	--
Tracking Error	5.64	0.00
Beta	0.83	1.00
Est 3-5 Yr EPS Growth	14.0	7.9
ROE	15.4	9.4
Dividend %	2.65	2.63
P/E using FY2 Est	14.5	14.4
Price/Cash Flow	9.0	8.6

* 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.