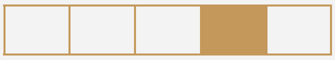
Ralton Australian Equity Ex 50

Monthly Portfolio Report | February 2024

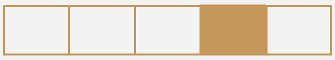
Key facts

Income versus growth target



Income Growth

Market cap bias



Large Small

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	**4.49%**	**8.59%**	**6.62%**	**0.91%**	**1.79%**	**2.12%**	**5.82%**	**6.12%**
Income	*0.18%*	*0.28%*	*2.47%*	*2.61%*	*2.66%*	*2.47%*	*2.74%*	*3.30%*
Growth	*4.31%*	*8.32%*	*4.16%*	*-1.69%*	*-0.87%*	*-0.35%*	*3.08%*	*2.82%*
Index[2]	**1.72%**	**10.05%**	**7.84%**	**-0.37%**	**1.39%**	**4.42%**	**6.07%**	**2.50%**
Outperformance	**2.77%**	**-1.46%**	**-1.22%**	**1.29%**	**0.40%**	**-2.30%**	**-0.25%**	**3.62%**

[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 February, returning 4.49%, versus the index return of 1.72%. 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
Audinate Group Ltd. (AD8) 40.4%	AD8 delivered a strong H1 FY24, surpassing market expectations with significant revenue growth of 51% year on year and a substantial leap in profitability. The company's focus on its video segment is paying off, with rapid adoption driving results. AD8's solid cash position and focus on innovation, including the launch of Dante Director, signal continued vertical expansion and potential for further positive surprises.
Nick Scali Limited (NCK) 18.0%	NCK reported strong H1 FY24 results, with written sales orders increasing 1.1% and online sales growing 22.5%, driven by investments in digital channels and product offerings. The company achieved a 3.6% improvement in gross profit margin, attributed to effective cost management and enhanced buying strategies post the Plush acquisition. With a solid cash position, NCK plans to accelerate its dual-brand strategy by expanding the Plush network and optimising its flagship store footprint. The positive sales performance in January 2024, combined with the company's strategic initiatives, positions it well for continued growth and market share gains.

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Detractors (cont.)	Comment
Ridley Corporation Limited (RIC) -14.3%	RIC posted a modest earnings beat at their HY result, driven by its Bulk Stockfeed segment. This was offset by lower rendering selling prices which impacted the Packaged Feed and Ingredient segments. The share price declined on managements cautious outlook for commodity prices, and their potential to be a headwind to earnings. We will continue to hold the position, as we have confidence in management who have reinvested well to improve efficiancy, capacity and the groups product offering.
Corporate Travel Management Limited (CTD) -21.7%	CTD underperformed during the month driven by a poor 1H24 result and a downgrade to FY24 EBITDA guidance. The key driver to weakness was the lower than expected earnings from its UK bridging contract for FY24, along with expectations of no future growth. Following the result, we view the markets expectations have now been reset and the sell off in share price as finding a base and consolidating ahead. We remain positive on CTDs outlook as it benefits from new client wins, continued operating leverage, while supported by a strong balance sheet and $100m on-market buy-back.
Johns Lyng Group Ltd (JLG) -7.6%	Despite the interim miss and share price weakness, JLG remains well-positioned for growth, underpinned by its growing US pipeline, strategic acquisitions, and operational efficiency initiatives. Management's confidence in the US market, backed by expanding insurance panel work and a broadening geographical footprint, bodes well for future performance. Additionally, the company's focus on streamlining operations, exiting underperforming segments, and pursuing accretive strata acquisitions reinforces its commitment to enhancing shareholder value. With a solid balance sheet and positive long-term outlook, JLG remains an attractive investment opportunity.

Portfolio Activity

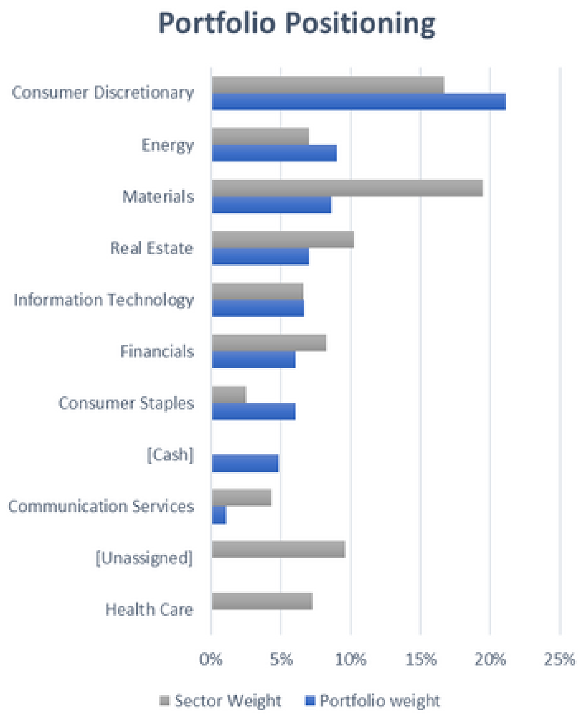
BUY

N/A

SELL

MMA Offshore Limited (MRM)	After what has been a meteoric share price rally, we decided to lighten the MRM position to manage the position weight, and reinvest some proceeds elsewhere. We remain confident in the outlook for MRM, with the demand supply dynamics remaining firmly in the vessel operators favour. We will maintain a position in the portfolio.

Sector Positioning



Top 10 holdings (alphabetical)

ANZ Group Holdings Limited	CSL Limited
BHP Group Ltd	Goodman Group
Coles Group Ltd.	Macquarie Group, Ltd.
Commonwealth Bank of Australia	National Australia Bank Limited
	Telstra Group Limited

Portfolio metrics*

	Ralton	XSOAI^
# of Securities	*37*	*198*
Market Capitalisation	*3,206.5*	*3,635.5*
Active Share	87.8	--
Tracking Error	*5.44*	--
Beta	*0.86*	*1.00*
Est 3-5 Yr EPS Growth	11.6	9.9
ROE	*16.9*	*8.1*
Dividend %	2.54	2.67
P/E using FY2 Est	15.2	14.4
Price/Cash Flow	9.9	9.3

* 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 an in index.