

Ralton Australian Equity Ex 50

Monthly Portfolio Report | March 2024

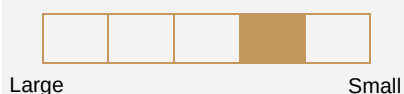


Key facts

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	2.57%	5.68%	10.83%	0.62%	2.99%	2.69%	5.96%	6.25%
Income	0.82%	1.00%	2.72%	2.69%	2.61%	2.54%	2.73%	3.34%
Growth	1.75%	4.68%	8.11%	-2.06%	0.37%	0.15%	3.23%	2.91%
Index ²	4.79%	7.55%	13.83%	-0.60%	2.72%	5.43%	6.69%	2.78%
Outperformance	-2.22%	-1.87%	-3.00%	1.22%	0.27%	-2.74%	-0.73%	3.47%

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 March, returning 2.57%, versus the index return of 4.79%. 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) 22.0%	During the month, the MRM board unanimously supported Cyan Renewables' \$2.60 cash bid to acquire all MRM shares, reflecting an 11% premium to the previous close. While we would have liked to see a greater premium, this caps off an incredible contribution to the portfolios. The stock is currently trading slightly above the offer price, likely influenced by arbitrage traders, anticipating the potential for competing bids.
Genesis Minerals Limited (GMD) 21.2%	A rally in the gold price during March aided GMD's performance in addition to the release of its highly anticipated 5-year-plan which outlined a vision to grow production beyond 300koz. We view GMD's high quality management team favourably and its opportunistic approach to growth among the consolidating Leonora region will continue to generate earnings upside.
Arena REIT (ARF) 17.0%	Australian real estate investment trusts (AREITs) performed very well in March, with ARF one of the best performers returning 17% for the month. ARF continues to score sector leading portfolio metrics. Furthermore, ARF tenants occupancy cost ratios are below the industry average at 10.6% vs 12%-14%. We remain very comfortable with the business, and its outlook.



Detractors (cont.)	Comment
Smartgroup Corporation Ltd (SIQ) -8.6%	SIQ saw its share price pull back, as the stock retraced after going ex-entitlement for its final and special dividend payments. The company recently secured a significant contract win from its larger competitor, which should drive meaningful revenue growth once the transition is completed later this year. Additionally, the increasing adoption of electric vehicles and the associated fringe benefits tax relief present a compelling opportunity for SIQ. While costs associated with onboarding the new contract may temper near-term profitability, the long-term benefits position SIQ well for sustainable growth in a relatively stable industry with high customer stickiness.
Audinate Group Ltd. (AD8) -9.7%	AD8 detracted during March despite reporting an impressive first-half result, with revenue surging 51% and operating profitability expanding significantly. The impressive performance was driven by strong core audio growth and accelerating video product adoption. While fundamentals remain compelling, the share price retraced following its recent rally, exacerbated by the Chairman's sale of a portion of his holdings. We view this pullback as a healthy consolidation after the stock's outperformance, with any further falls providing an attractive entry point as AD8 continues executing on its disruptive video and software opportunities.
Cettire Ltd. (CTT) -15.4%	CTT saw its shareprice fall during March after media reports alleged improper customs duty practices. Management strongly refuted these claims on a conference call, reiterating they operate within legal parameters and have backing from customs authorities. Duties are a complex consideration for Cettire's cross-border model, but processes are compliant and align with industry norms like refunding duties to customers on returns. We view the sell-off as an overreaction and maintain our conviction, as CTT's unique logistics capabilities drive a compelling luxury e-commerce opportunity globally.

Portfolio Activity

BUY

N/A

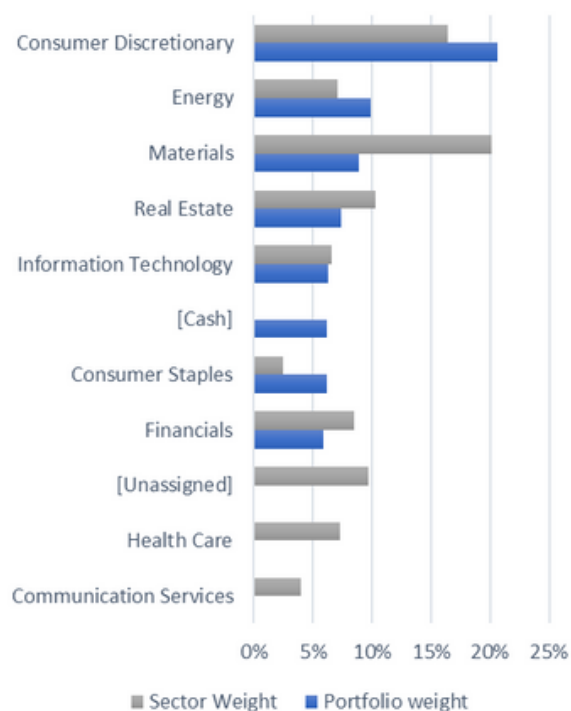
SELL

Nine Entertainment Co. Holdings Limited (NEC)

Despite reporting an inline result at the recent 1H24 release, we expect near term challenging conditions in TV markets to continue for longer than expected as corporates continue to remain cautious on expenditure. Over time it's expected that growth from the streaming service Stan and the Domain website will incrementally increase as a percentage of revenue split and offset the lagging business segments however given near term headwinds we see better value in other areas of the market.

Sector Positioning

Portfolio 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	36	198
Market Capitalisation	3,312.0	3,829.5
Active Share	88.1	--
Tracking Error	5.62	--
Beta	0.80	1.00
Est 3-5 Yr EPS Growth	8.6	12.7
ROE	16.6	7.7
Dividend %	2.45	2.53
P/E using FY2 Est	15.7	14.8
Price/Cash Flow	10.1	9.8

* 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.