Ralton Leaders

Monthly Portfolio Report | March 2024

RALTON ASSET MANAGEMENT

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	**3.15%**	**2.93%**	**6.55%**	**4.47%**	**7.54%**	**8.22%**	**8.49%**	**7.39%**
Income	*0.77%*	*1.00%*	*3.63%*	*3.75%*	*3.75%*	*3.55%*	*3.88%*	*4.28%*
Growth	*2.37%*	*1.92%*	*2.92%*	*0.72%*	*3.79%*	*4.67%*	*4.61%*	*3.11%*
Index[2]	**3.08%**	**5.17%**	**14.46%**	**7.59%**	**10.32%**	**9.64%**	**8.48%**	**6.91%**
Outperformance	**0.07%**	**-2.24%**	**-7.91%**	**-3.12%**	**-2.78%**	**-1.42%**	**0.01%**	**0.48%**

[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 outperformed the ASX100 Index in March, returning 3.15%, versus the index return of 3.08%. 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
Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh (NEM) 17.6%	A rally in the gold price during March to all-time-highs aided the gold mining sector, with NEM rebounding strongly reflecting its undemanding valuation. We retain conviction in NEM's portfolio optimisation strategy which over time will lead to a higher quality company with superior ability to fund attractive growth projects and deliver sector leading quarterly distributions to shareholders.
Resmed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh (RMD) 13.1%	Maintaining our overweight stance on RMD, which delivered a +13% share price return in March, we anticipate further market share gains amidst peers' challenges. The share price should benefit from ongoing unraveling of the negative GLP-1 narrative, underlining our positive outlook for the stock.
ALS Ltd. (ALQ) 10.1%	ALQ returned over +10% in March, a month in which the company made three acquisitions. We see the rationale behind these acquisitions, and agree that this is inline with their build out strategy. ALQ has performed well to date and we are currently assessing the position.

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Detractors	Comment
Pilbara Minerals Limited (PLS) Pilbara Minerals Limited (PLS) -8.8%	In contrast to the strong performance in February, lithium miners struggled in March as the price of metal remained relatively flat in the month and currently sits at cyclical lows. We continue to view PLS as the highest quality miner for pure play exposure to lithium and retain a small exposure.

Portfolio Activity

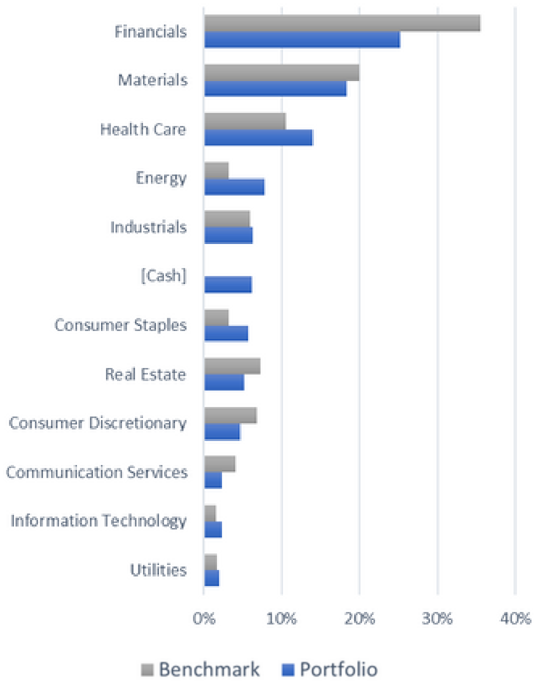
BUY	
Woolworths Group Ltd (WOW)	Elevated short term negative publicity for supermarkets when combined with a weaker than expected result from WOW has caused a strong sell off in the stock. We have initiated a position to take advantage of the price weakness. WOW is Australia's premium supermarket operator with a market leading online grocery business, strong ancillary business units which support margins, and tailwinds from population growth supporting trends towards eating at home.
Resmed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh (RMD)	RMD delivered a strong result, yet underperformed the broader market during February due to the risk associated with the GLP-1 weight loss medication. We decided to add to the RMD position while it was trading on approx 22x FY25 price-to-earnings (P/E) which is well below its longer term average of 30x P/E. The group has earnings momentum, thanks to strong cost management strategies. We are confident margins will improve, and that sales will be well supported with no significant competition expected to return to the market for at the very least another year, as rival Phillips scrambles to get back to market and restore confidence.

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 loger 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.
Macquarie Group, Ltd. (MQG)	In its latest trading update, MQG pointed out a decrease in its year to date net profit after tax (NPAT) compared to last year, with notable declines across both its stable and market-linked sectors. Despite a downward revision in short-term forecasts, the company's long-term growth drivers, such as decarbonisation and infrastructure, remain strong. Capital surplus levels are slightly reduced but remain solid. In response to these developments and the recent uptick in share price, we have decided to realise profits while still recognising the company's ongoing value potential.
Goodman Group (GMG)	GMG has surged over 16% since the1H24 result, when management, yet again, upgraded earnings guidance as they have a nice habit of doing at the half year release. We remain very bullish about the outlook for GMG, having repeatedly praised management for their strategic move into Data Centre Development. The business is very well capitalised, and structural drivers for industrial property remain well intact. However, following the strong share price move, we have decided to realise some profits and trim the position based on valuation grounds.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited
BHP Group Ltd
Coles Group Ltd.
Commonwealth Bank of Australia
CSL Limited
Macquarie Group, Ltd.
National Australia Bank Limited
Resmed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh
Woodside Energy Group Ltd
Worley Limited

Sector Positioning



Portfolio metrics*

	Ralton	XTOAI^
# of Securities	*28*	*98*
Market Capitalisation	*86,481.4*	*90,767.4*
Active Share	50.9	--
Tracking Error	2.55	--
Beta	0.91	*1.00*
Est 3-5 Yr EPS Growth	4.6	4.3
ROE	14.7	*15.3*
Dividend %	3.86	3.89
P/E using FY2 Est	16.8	16.4
Price/Cash Flow	11.2	11.2

* 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.