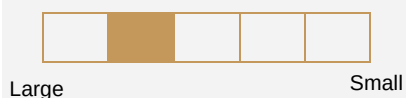


Key facts

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.)¹

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	0.98%	0.96%	6.29%	3.92%	5.50%	5.76%	7.44%	7.03%
Income	0.45%	1.35%	3.71%	4.01%	3.67%	3.47%	3.75%	4.10%
Growth	0.53%	-0.39%	2.58%	-0.09%	1.83%	2.29%	3.69%	2.93%
Index ²	0.85%	1.10%	12.83%	7.47%	6.54%	7.79%	7.79%	6.30%
Outperformance	0.13%	-0.14%	-6.53%	-3.55%	-1.04%	-2.03%	-0.35%	0.74%

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 300 Accumulation Index.

Portfolio Performance

The Ralton Concentrated Portfolio outperformed the ASX300 Accumulated Index in May, returning 0.98%, versus the index return of 0.85%. 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
GQG Partners, Inc. Shs Chess Depository Interests Repr 1 Sh (GQG.ASX). 15.9%	GQG has been a consistent contributor to performance since its introduction to the portfolio. Strength in performance continued throughout May, supported by strong global market performances and a trading update that confirmed net FUM flows are tracking ahead of market expectations. The outlook remains positive, with the strong net inflows reflecting continued investor confidence in the company's strategies, underpinning earnings momentum.
Qube Holdings Ltd. (QUB.ASX) 7.8%	QUB delivered an FY24 trading update ahead of market expectations during May, translating to strong outperformance. QUB remains well-positioned for sustainable long-term earnings growth, supported by its strategic assets and additional capacity and efficiency benefits coming through from its multi-year investment into IMEX.
Aristocrat Leisure Limited (ALL.ASX) 13.5%	ALL delivered a strong 1H24 result beating consensus estimates across all key metrics, translating to strong outperformance over the month. The result addressed key areas of investor concerns, while confirming it remains a high quality business, with leading market share and attractive operating leverage across each of its divisions, positioning it well for future growth.

Detractors	Comment
Resmed Inc CHESD Depository Interests on a ration of 10 CDIs per ord.sh (RMD.ASX) -4.2%	RMD detracted from portfolio performance in May, despite the company's strong Q3 2024 results released in late April. The quarterly update highlighted significant gross margin expansion due to higher device sales growth, with further improvements expected in FY25, surpassing consensus expectations. We believe the underlying industry conditions have never been more supportive for RMD to see continued strong top-line growth, as concerns over GLP-1 have subsided and the group dominates market share with its main rival, Philips, out of the market. RMD remains a key overweight in the portfolio.
Cettire Ltd. (CTT.ASX) -22.1%	CTT saw considerable selling pressure during May, lining up with a notable increase in the short interest in the company's securities. CTT has continued to see unscrupulous short sellers spread misinformation through the social and traditional media, focussing on tax compliance, returns processes and customer experience. Our scuttle butt and research into each of the issues suggests that the issues raised are simply the symptoms of a rapidly growing business, as opposed to anything more sinister. Further, online data points show that the company is continuing to grow at an impressive rate.

Portfolio Commentary

The key factor driving markets remains interest rate expectations, with recent disappointing inflation data indicating that Australian rates could stay unchanged in the short-term. Subsequently in May we saw the Australia's 10-year bond yield hold its ground at 4.4%. We see signs that equity markets are approaching expensive levels, although any improving rate cut sentiment could cause a melt up in equity valuations, aiding the performance of growth over value. Additionally, we saw the AUD improve over the month to USD 0.6650 however this remains weaker than our longer-term forecasts.

Key Themes

The ASX share market rose +0.9% in May, however lagged the +4.8% rebound in US equities. During the month technology names performed the best +4.5%, with portfolio position Aristocrat Leisure Limited (ALL.ASX) a top ASX 100 performer (up +13.5% during the month) driven by strong earnings upgrades. Similarly, Qube Holdings Ltd (QUB.ASX) returned +9.5% in May driven by a market update which was ahead of expectations.

Banks rose +3.6% during the month, reporting broadly stronger than expected results from lower impairments. At current levels we view the banks as broadly expensive and see fairer value in financials such as GQG Partners Inc (GQG.ASX) which returned +13% during May. The communications sector lagged -2.8% driven by Telstra Group Ltd (TLS.ASX) which fell -5.4% on negative news of a move away from CPI-linked post-paid mobile pricing and significant staff reductions. Additionally, consumer sentiment waned, and a short attack on luxury goods retailer Cettire Ltd (CTT.ASX) caused the stock to fall -20%. We retain conviction in the lack of materiality of the short reports' thesis.

The materials sector was broadly flat +0.10% although news of BHP Group Ltd's (BHP.ASX) rejected bid for Anglo American was a key focus during the month. This outcome caused a rebound in BHP performance +5.17% versus Rio Tinto Ltd (RIO.ASX) -0.28% as the market priced in BHP missing the April copper price rally. The copper price spiked to a high of USD 5.12/pound (lb) during May and we retain high conviction in the metal's role in global electrification. Similarly, gold continued to improve (+1.8%) to USD 2348/ounce (oz) during May, while the Brent oil price weakened -7.1% causing energy positions to lag the market and the share price of Karoon Energy Ltd (KAR.ASX) to fall -4%. Overall, we expect an increase in merger and acquisition activity from the mining sector as their balance sheets improve due to healthy commodity prices.

Portfolio Activity

BUY

Ampol Limited (ALD.ASX)

ALD's share price declined in May, presenting a buying opportunity. The refinery-wide steam outage in April impacted production levels, reducing refining volumes by 8% and slightly lowering margins below the anticipated USD 13.5/barrel. Despite this, non-refining earnings before income tax (EBIT) matched 1Q23 levels, and Convenience Retail showed positive momentum. With the Asia Pacific Refining Margin index reflecting recent geopolitical uncertainties, we believe margins will revert to their long-term averages. We increased our exposure to ALD, confident in its resilient non-refining segments and the anticipated recovery in refining margins.

Aristocrat Leisure Limited (ALL.ASX)

ALL's strong 1H24 result confirmed it remains a high quality business, with leading market share and attractive operating leverage across each of its divisions. We have initiated a position in ALL given its valuation is trading near all time lows and the positive outlook which is supported by robust underlying industry operating conditions, further growth and market share gains, cost optimisation driving operating leverage and a strategic review of Pixel United.

Qube Holdings Ltd. (QUB.ASX)

QUB delivered a better than expected trading update, upgrading its underlying FY24 guidance from 5-10% to 10-15% for Net profit after tax excluding tax effected amortisation (NPATA) and Earnings per share on NPATA (EPSa). Following the update, we have increased our weighting in QUB as we have greater confidence in the outlook and expect earnings momentum to continue. Our positive view is underpinned by QUBs operational execution, sustainable competitive advantages, market share gains (Patricks), ramp-up of Moorebank and its key driver of earnings across its diversified divisions performing in line or ahead of expectations.

Portfolio Activity

SELL

Resmed Inc CHES Depository Interests on a ratio of 10 CDIs per ord.sh (RMD.ASX)

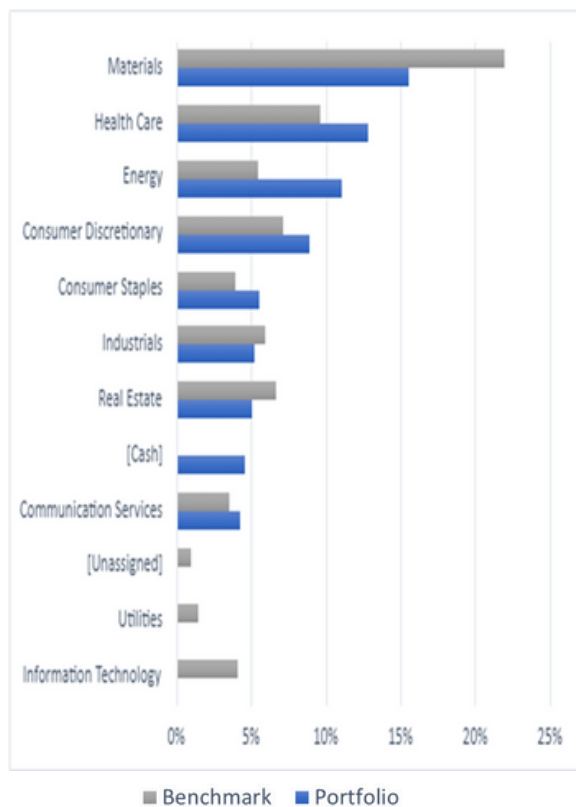
RMD was one of the largest overweight positions in the portfolio since we were confident that the negative sentiment due to weight loss drugs would subside. We had the view that gross margins would recover, which was proven right in the recent 3Q24 update. The announcement featured significant margin expansion, driving big beats to consensus expectations. Following a strong share price reaction we have taken some profits to reduce the position size. We maintain a positive view on RMD, and anticipate further room for margin expansion and a multiple re-rate back toward its long term range.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited
BHP Group Ltd
Commonwealth Bank of Australia
CSL Limited
Macquarie Group, Ltd.

National Australia Bank Limited
Resmed Inc CHES Depository Interests on a ratio of 10 CDIs per ord.sh
Rio Tinto Limited
Telstra Group Limited
Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XKOAI [^]
# of Securities	29	301
Market Capitalisation	79,100.8	77,933.9
Active Share	55.7	--
Tracking Error	3.31	--
Beta	0.85	1.00
Est 3-5 Yr EPS Growth	5.0	5.7
ROE	17.5	14.5
Dividend %	3.64	3.72
P/E using FY2 Est	15.4	16.0
Price/Cash Flow	11.2	10.7

* Source: FactSet

[^] XKOAI 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.