

Ralton Concentrated Australian Equity

Monthly Portfolio Report | April 2025

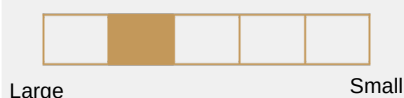


Key facts

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	2.0%	-2.8%	6.1%	4.3%	4.1%	10.7%	6.2%	7.0%
Income	0.0%	0.9%	3.2%	3.6%	3.6%	3.4%	3.7%	4.0%
Growth	2.0%	-3.8%	2.9%	0.7%	0.5%	7.3%	2.5%	2.9%
Index ²	3.6%	-3.7%	9.5%	9.3%	6.8%	12.1%	7.7%	6.5%
Outperformance	-1.6%	0.8%	-3.4%	-5.0%	-2.7%	-1.4%	-1.5%	0.5%

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 underperformed the ASX300 Accumulated Index in April, returning 2.0%, versus the index return of 3.6%.

Contributors	Comment
Newmont Corporation Registered Shs Chess Depository Interests Repr 1 Sh (NEM.ASX) 6.4%	Newmont Corporation was a positive contributor to performance in April, benefiting from both strong quarterly results and a supportive macro environment for gold. First-quarter gold production exceeded expectations by 6%, and costs were notably better than forecast, contributing to free cash flow of \$1.2 billion. Solid operational results from Cadia, Peñasquito, and Lihir offset temporary safety-related disruptions at Cerro Negro. With gold prices remaining elevated and balance sheet strength improving, management has maintained 2025 guidance and is considering expanding the existing buyback program.
Telstra Group Limited (TLS.ASX) 7.1%	Telstra Group contributed positively to performance in during the month, despite the absence of any major company-specific news. The stock appears to have benefited from broader investor interest in high-quality, defensive Australian names amid ongoing macro uncertainty. Our investment thesis remains centered on Telstra's strong positioning in mobile, continued cost-out execution, and disciplined capital management. Management's focus on return on invested capital and network leadership supports long-term value creation, and the upcoming T25 strategy update in June may offer further upside catalysts.
PEXA Group Limited (PEXA.ASX) 8.2%	PEXA contributed positively to performance in April after announcing that its UK-based operations had secured approval from the Financial Conduct Authority to operate as an authorised payment institution. The approval strengthens its proposition in a new and key international growth market, unlocking the potential for material earnings opportunity and a stock re-rating closer in-line with its platform peers.



Portfolio Performance

Detractors	Comment
Woodside Energy Group Ltd (WDS.ASX) -10.3%	Woodside Energy detracted from performance in April, with sentiment weighed down by a softer oil price and persistent concerns around global growth. This overshadowed a solid operational quarter, where production and revenue modestly beat expectations, underpinned by strong output from Sangomar and disciplined project delivery across key developments like Scarborough and Louisiana LNG. Despite near-term commodity price pressure, Woodside continues to progress high-return, long-life projects and remains well-positioned for a recovery in energy markets and further long-term LNG demand growth.
Worley Limited (WOR.ASX) -13.8%	WOR was a detractor over the month, driven by a significant sell-off in energy and chemical markets following President Trump's 'Liberation Day'. While WOR is a diversified business with a strong competitive position, its largest customers are oil and gas companies that are expected to restrict spending and investment programs following the 20% fall in the oil price over the month.
Ramsay Health Care Limited (RHC.ASX) -2.5%	RHC modestly detracted from performance during the month, falling 2.5% in a market that ended up strongly despite an aggressive sell-off early in the month following 'Liberation Day'. There was no fundamental newsflow on RHC over April, only on-going media reports regarding uncertainty about peer Healthscope's ownership and viability. We continue to see RHC as well positioned to improve earnings in its Australian hospital business in the period ahead, and also support efforts from the new management team to address prior poor capital allocation decisions for its overseas operations.

Portfolio Commentary

Markets

April was marked by heightened volatility, largely triggered by President Trump's "Liberation Day" and the announcement of sweeping new tariffs. Despite this turbulence, the ASX 300 rebounded to finish the month up 3.6%, reversing a two-month losing streak. At one point, the index had fallen as much as 10% over six sessions following the initial announcement. Offshore markets, particularly US indices, experienced even steeper declines.

Relief arrived when President Trump later announced a 90-day pause on most tariffs (excluding those on China), allowing global share markets to recover from their earlier panic. On the ASX, every sector posted gains except Energy, which fell 8% in response to a nearly 20% drop in crude oil prices. Although US markets led the initial sell-off, they did not spearhead the recovery, reflecting concerns that US tariffs would leave the American economy most exposed to recession. This sentiment prompted investors to liquidate US assets, resulting in a 4% decline in the US Dollar Index for the month, bringing its year-to-date loss to 8%.

Gold benefited from this environment, and while it may be overbought in the short term, it remains well supported. The growing consensus is that the US government will be unable to resolve its deficit and debt challenges without some form of monetary intervention.

Portfolio Performance

The fund delivered solid performance in April, though it lagged the broader market. This was primarily due to our underweight position in Commonwealth Bank (CBA). Portfolio management requires balancing absolute and relative exposures. While CBA is a core holding at 5.5% of the portfolio, it represents 11% of the ASX 300 index. Consequently, when CBA rallied 10% in April-driven, in our view, by capital flows seeking safety in Australian banks rather than improved fundamentals, our relative performance was impacted. We expect relative performance to recover when CBA is eventually repriced in line with fundamentals, which may occur sooner than anticipated given that recent tariff developments have led markets to price in further RBA rate cuts. We note that while lower rates can stimulate credit growth and reduce bad debt risks, they also place downward pressure on bank net interest margins which is the more important driver of bank earnings.

Setting CBA aside, the portfolio performed satisfactorily given April's events and our positioning. Notable contributors included Newmont (NEM), Telstra (TLS), Pexa (PXA), and Woolworths (WOW), each of which rose in the high single digits. The main detractor was Worley (WOR), which fell 14% due to negative sentiment from the energy sector sell-off following "Liberation Day." Typically, such volatility presents opportunities to add to positions where fundamentals remain intact, and we did so for several names, including Goodman Group (GMG), Ampol (ALD), and Resmed (RMD). However, in the case of Worley, the increased uncertainty has become a threat to its fundamentals, as its customers may delay or cancel projects during periods of weakness. Given this shift in risk, we made the difficult decision to exit our position.

Outlook

The coming month promises to be eventful. The investment team will attend the annual Macquarie conference in early May, where we expect trading updates to be mixed, particularly given ongoing tariff uncertainty and recent disappointing updates from companies such as Brambles, Flight Centre, Amcor, and Corporate Travel. Post-conference, we will focus on earnings results for several portfolio holdings. Additionally, the next RBA board meeting and policy rate announcement is scheduled for 20 May where a cut of 25bps is expected. Above all, we hope that the old adage "sell in May and go away" does not prove true in 2025.

Portfolio Activity

BUY

Ampol Limited (ALD.ASX)

Following significant weakness in ALD's share price, we have decided to top-up our position. In a short space of time, ALD has fallen to the same share price prevailing at the COVID-19 lows of five years ago. Such a decline is disproportionate to the pressure on ALD's earnings, which are isolated to the cyclical parts of ALD's business which we estimate to represent 40% of group earnings on a through-the-cycle basis. The other 60% of earnings for ALD relate to the defensive businesses of being Australia's leading convenience fuel retailer and a leading provider of wholesale fuels to other retail and wholesale customers across Australia and New Zealand.

Commonwealth Bank of Australia (CBA.ASX)

In light of the changing share market environment, we have decided to moderate our very large underweight CBA position from a risk management perspective. The recent aggressive sell-off in the broader market that has driven a significant correction in a number of stocks on elevated multiples (whether measured versus history or peers) has not played out for CBA. Accordingly we think it only appropriate to acknowledge this outcome and not persist with such a meaningful underweight holding.

Goodman Group (GMG.ASX)

Following GMG's significant de-rating we have leaned into the opportunity and added to our position. We view GMG as offering a high-quality exposure to data centres and logistics that now trades at an attractive multiple relative to its own history and peers. With a strong balance sheet, portfolio of A-grade assets, access to power, and potential catalysts ahead, we see compelling growth at a reasonable price (GARP).

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

Following another strong quarterly earnings result from Resmed (RMD), we have decided to add to our existing position. Resmed is the global market leader in medical devices and applications to diagnose and treat a range of chronic respiratory conditions, the most significant of which is obstructive sleep apnea. The company has all the attributes we look for in an investment - a leading competitive position, sound strategy, supportive operating environment, shareholder friendly management, and a fortress balance sheet. On valuation, we note RMD trades on 21x P/E which compares to fellow ASX-listed medical device peers, Cochlear (COH) and Fisher & Paykel Healthcare (FPH) that are trading on 40x and 50x P/E respectively.

SELL

Worley Limited (WOR.ASX)

In response to increasing evidence of downward pressure across the energy and resources industries, we have decided to exit our WOR position. While WOR remains a mature and well-managed business, its ability to replenish its order book - a key driver of value - is constrained by the short duration of contracts. This reflects the need for end customers to maintain flexibility in their spending decisions, especially for growth projects. Unfortunately, heightened uncertainty in the market has further shifted the risk bias for WOR's order book to the downside, as customers increasingly delay project spending decisions.

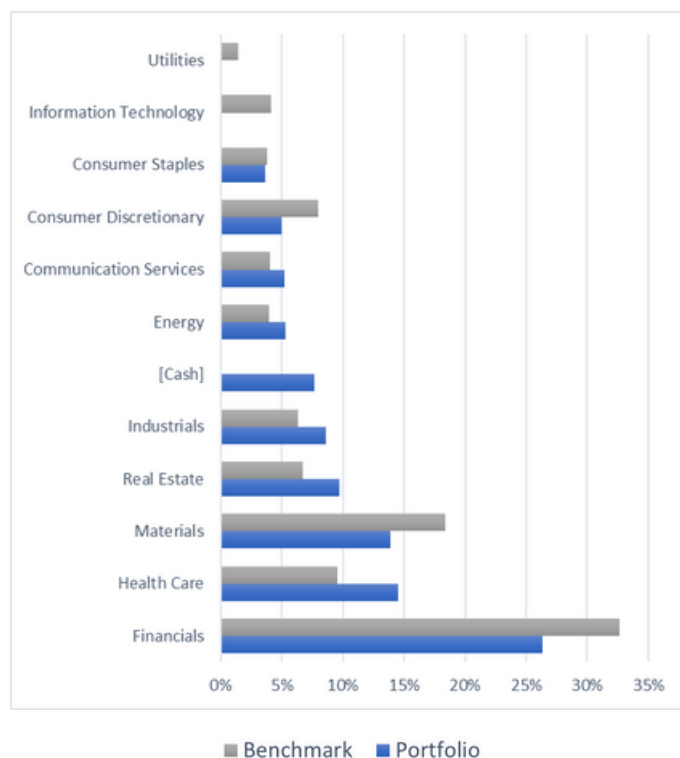
Woodside Energy Group Ltd (WDS.ASX)

Due to recent weakness in oil markets, we have decided to reduce our position in WDS. The world's two largest oil consuming nations are the United States and China. With these countries having entered a trade war that is unlikely to be resolved any time soon, we are concerned that oil could fall further from here. Oil is a volatile commodity that has traded as low as USD20/bbl in times of recession (e.g. 2001-02, 2008, 2020). With the odds of a US recession having increased from 20% to 50% since Liberation Day on 2 April, we see it as prudent to reduce our exposure to this commodity, for the time being.

Top 10 holdings (alphabetical)

ANZ Group Holdings Limited	Macquarie Group, Ltd.
BHP Group Ltd	Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh
Commonwealth Bank of Australia	Resmed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh
CSL Limited	Telstra Group Limited
Goodman Group	Westpac Banking Corporation

Sector Positioning



Portfolio metrics*

	Ralton	XKOA [^]
# of Securities	24	299
Market Capitalisation	82,774.6	85,114.2
Active Share	56.1	--
Tracking Error	3.35	0.00
Beta	0.83	1.00
Est 3-5 Yr EPS Growth	3.8	5.2
ROE	10.8	12.7
Dividend %	3.32	3.45
P/E using FY2 Est	17.6	17.4
Price/Cash Flow	11.2	11.4

* Source: FactSet

[^] XKOA^I 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.