

Ralton Concentrated Australian Equity

Monthly Portfolio Report | May 2025

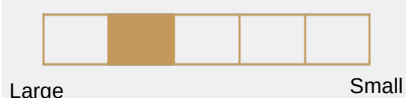


Key facts

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	2.7%	2.0%	7.9%	7.1%	5.2%	10.3%	6.4%	7.1%
Income	0.5%	1.3%	3.3%	3.5%	3.8%	3.5%	3.7%	4.1%
Growth	2.2%	0.7%	4.6%	3.6%	1.5%	6.9%	2.7%	3.0%
Index ²	4.2%	4.3%	13.2%	13.0%	9.3%	12.0%	8.1%	6.7%
Outperformance	-1.5%	-2.3%	-5.2%	-5.9%	-4.1%	-1.7%	-1.7%	0.4%

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 May, returning 2.7%, versus the index return of 4.2%.

Contributors	Comment
Ramsay Health Care Limited (RHC.ASX) 15.2%	Ramsay Health Care (RHC) contributed positively to performance during the month, as investor confidence improved from industry feedback of on-going growth in private hospital activity. While RHC is still battling wage pressures for nursing staff, comments of improving utilisation across RHC's facilities is encouraging. We remain constructive on RHC's long-term fundamentals as well as the opportunity to exit unwanted assets from their international portfolio.
Macquarie Group, Ltd. (MQG.ASX) 12.7%	Macquarie Group (MQG) benefited relative performance this month, supported by a solid FY25 profit result announcement that featured on-going solid growth from its Banking & Financial Services division as well as a strong contribution from the Asset Management segment. While earnings from Commodities and Global markets remained subdued, management remains positive about the long-term growth outlook via new clients and services. We retain confidence in MQG's ability to navigate shifting market conditions and generate mid-teens return-on-equity over time.
Goodman Group (GMG.ASX) 9.8%	Goodman Group (GMG) contributed positively to performance in May, recovering from an oversold position in April when risk-off across markets impacted growth stocks. Late in the month, GMG had a 3Q operational update that reiterated the large opportunity available for GMG to repurpose a large portion of its global real estate portfolio into data centres over coming years. Guidance for EPS growth of 9% for FY25 was also reiterated. While aware the data centre opportunity for GMG is long-dated and capital intensive, we believe the company remains well positioned to create shareholder value going forward.



Portfolio Performance

Detractors	Comment
IDP Education Ltd. (IEL.ASX) -12.0%	IEL underperformed in May due to a continuation of negative headlines and pressure from tightened international student visa settings in key study destinations. Despite current industry headwinds, we believe IEL is well positioned as the market leader to benefit from an eventual recovery in the structural demand for international education as policy settings stabilise post a unique synchronisation of global Federal elections.
Dexus (DXS.ASX) -6.9%	Despite a solid quarterly update early in May, Dexus (DXS) detracted from performance due to negative sentiment around allegations it mishandled a fund redemption process within its funds management division. The mandate in question accounts for just 2% of group earnings, and there remains a reasonable likelihood the case is dismissed. At current levels, we see value in DXS, with most capital tied to high-quality office assets that are maintaining strong occupancy and showing signs of stabilising book values.
Newmont Corporation Registered Shs Chess Depositary Interests Repr 1 Sh (NEM.ASX) -1.3%	Newmont Mining (NEM) was a detractor to relative performance over the month, treading water after a strong rise in April. The strong gold price backdrop provides on-going support for Newmont as the world's large gold producer.

Portfolio Commentary

Markets

May delivered strong equity market gains as tariff tensions eased, central banks turned more accommodative, and economic data remained resilient. The ASX 300 rose 3.8%, led by Technology (+20%) and Energy (+9%), while defensives (eg consumer staples and healthcare) underperformed. Globally, US indices staged a strong rebound with the Nasdaq rallying 10% driven by mega-cap tech earnings and fading tariff concerns. Elsewhere, share markets across Europe and Asia all rallied in the mid-single digits. Commodity markets were relatively subdued with only copper showing strength (+5%), meanwhile oil continues to lag (still down 14% in 2025) as does lithium. Interest rate markets saw 25bp cash rate cuts from the UK, New Zealand and Australia. At the long end, however, 10-year bond yields moved higher after declines in the prior month. Finally, currencies saw the US dollar stabilise after notable downward pressure in April, and similar for the Australia dollar when measured against the Pound and Euro.

Portfolio Performance

Fund performance was as expected for a month in which equities rallied strongly and skewed toward growth and momentum factors. For our 23-stock portfolio, positive contributors included Ramsay Healthcare (RHC), Macquarie (MQG), and Goodman Group (GMG). RHC rallied on improving investor sentiment as well as the news that former CEO of Medibank, Craig Drummond, is joining the board; MQG posted a solid FY25 result and reiterated its ability to return to mid-teens ROE in the years ahead; and GMG recovered from being oversold in April, as well as solid Q3 update announced late in the month. We remain constructive on each name's long-term outlook.

Detractors included IDP Education (IEL), Dexus (DXS), and Aristocrat (ALL). IEL fell on persistent sector concerns, later confirmed post month-end by downgraded earnings guidance. Dexus weakened amid governance concerns in its funds division—though the financial impact appears immaterial. Aristocrat disappointed on 1H results, but management reaffirmed that headwinds were temporary. After meeting with management, we remain confident in ALL's long-term growth supported by content leadership and digital growth opportunities.

Outlook

The RBA's rate cut and reduced global trade tensions have created a more stable backdrop heading into mid-year. We expect a further two rate cuts, contingent on domestic data. The team attended the Macquarie conference in early May and will now turn focus to FY25 earnings updates. While valuations appear stretched in pockets of the market, we remain focused on fundamental drivers and well-positioned companies able to deliver through the cycle.

Portfolio Activity

BUY

National Australia Bank Limited (NAB.ASX)

We have initiated a position in NAB post our review of the recent 1H25 result after exiting the holding in late 2024. In the result we saw evidence of recent efforts by the bank to stabilise funding costs and again generating profitable growth from investment in its direct lending channel. Investors have responded positively as NAB's result came in better than feared, with underlying NIM down by 1bp (in line) and lower costs. The beat was helped by a better result from the markets division, and the underlying looked solid. Individual bank valuations are now the most diverse, offering opportunity for active management. We see opportunity for solid absolute and relative performance with sector leading dividend growth and a stabilising funding model.

ANZ Group Holdings Limited (ANZ.ASX)

ANZ has underperformed the banking sector over the last year and now trades at its largest discount to peers in over a decade. Historical issue in the bank's Global Markets division and subsequent imposed APRA capital buffers has seen the stock de-rate despite underlying earnings trends largely in line with peers. All banks will have to manage interest margin headwinds in the year ahead as the RBA cuts rates and in this environment ANZ's 13x PE valuation vs CBA's 27x PE is hard to justify. As such we take a relative view and look to further clarity on ANZ's future strategy with new CEO Nuno Matos set to start on Monday.

SELL

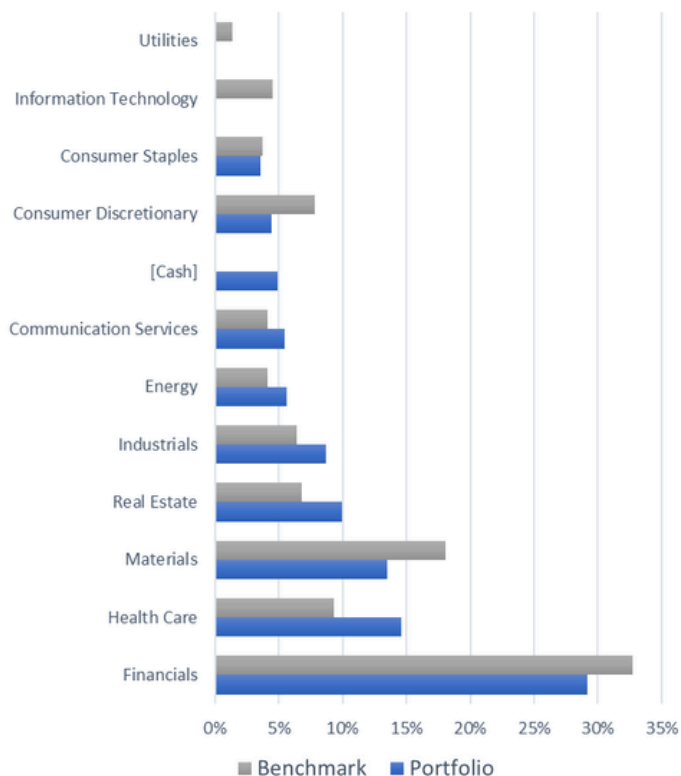
Westpac Banking Corporation (WBC.ASX)

The WBC result was marginally disappointing, with underlying NIM weaker and costs expected to accelerate before efficiency gains are realized. The company is spending to benefit from system simplification via UNITE, but its track record is poor. The dividend is expected to be flat at best, with the payout ratio at the high end. Despite a 17% stock rally over the past year Westpac is likely to lag behind ANZ and NAB looking forward as we look for evidence of long awaited efficiency gains from system rationalisation.

Top 10 holdings (alphabetical)

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

Sector Positioning



Portfolio metrics*

	Ralton	XKOA [^]
# of Securities	24	299
Market Capitalisation	84,852.2	87,125.8
Active Share	56.5	--
Tracking Error	3.19	--
Beta	0.86	1.00
Est 3-5 Yr EPS Growth	3.4	5.2
ROE	10.8	12.7
Dividend %	3.28	3.32
P/E using FY2 Est	18.0	18.2
Price/Cash Flow	11.2	11.7

* 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.