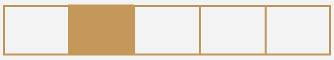
Ralton Dividend Builder

Quarterly Portfolio Report | April 2023

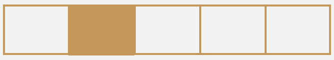
Key facts

Income versus growth target



Income Growth

Market cap bias



Large Small

Investment strategy

A portfolio of ASX-listed equities designed to provide attractive 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	3 yr	5 yr	10 yr	Inception
Ralton	**0.77%**	**-2.03%**	**0.50%**	**12.58%**	**6.16%**	**8.06%**	**7.35%**
Income	*0.00%*	*1.53%*	*4.73%*	*4.48%*	*4.70%*	*4.66%*	*4.90%*
Growth	*0.77%*	*-3.56%*	*-4.22%*	*8.10%*	*1.47%*	*3.40%*	*2.45%*
Index[2]	**1.85%**	**-0.98%**	**2.13%**	**13.97%**	**8.23%**	**7.87%**	**6.10%**
Outperformance	**-1.08%**	**-1.05%**	**-1.62%**	**-1.40%**	**-2.07%**	**0.19%**	**1.25%**

[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 Dividend Builder Portfolio underperformed the ASX300 Accumulated Index in April, returning 0.77%, versus the index return of 1.85%. 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
ANZ Group Holdings Limited (ANZ) 6.2%	ANZ outperformed the other major banks and registered a +6.19% increase in its share price for the month ahead of banks overall performance of +2%. Banks were heavily sold off as a result of the US and Swiss banking dramas but have rebounded. ANZ recently reported confirming its lower risk profile, greater diversified business model versus the other majors along with a positive growth trajectory through its ANZplus app, and registered risk adjusted returns exceeding the cost of capital across all segments.
QBE Insurance Group Limited (QBE) 5.1%	In April, QBE delivered strong performance, surpassing the ASX 200 index by achieving a return of 5.1%, outperforming the market's return of 1.9%. The outperformance can be attributed to key factors including the continued strength in the insurance premium cycle, enabling QBE to pass on claims and costs inflation. The rising interest rate environment in both the US and Australia should also enhance margins and investment income, along with sector tailwinds that generally provide defensive aspects in an uncertain market environment which is currently inducing a lot of volatility.

Portfolio Performance

Detractors	Comment
Mineral Resources Limited (MIN) -8.6%	MIN released a soft March quarterly report with lower production than consensus in lithium, iron ore and mining services. Mt Marion spodumene costs were revised up from $875 per tonne to $1,225 per tonne while Wodgina spodumene production remains on target. Lithium battery chemical guidance is now 37% lower than prior guidance “reflecting current market dynamics”. Spodumene and lithium hydroxide prices remain soft despite medium term favourable fundamentals. The large Onslow iron ore project is a new growth project which is on target with first ore due in June 2024. In addition the company is advancing the Stanley Point Berth 3 project, exploring for gas in the Perth Basin and bidding to takeover Norwest ($400 million). We have revised our short term dividend projections sharply down to allow the company the flexibility to manage these projects within conservative debt levels.
Rio Tinto Limited (RIO) -6.6%	RIO’s March quarterly production numbers were below market consensus. Its iron ore production was 4% below expectations but the company was able to record flat shipping volumes due stockpiling of inventories. Copper production was below expectations by 9% and the company lowered its December 2023 guidance from 680kt to 615kt. In addition bauxite and alumina were 7% and 4% below consensus respectively. Compared to BHP, RIO has a less organic growth in the near term and post the quarterly update consensus share price targets have been lowered marginally.
Amcor PLC Shs Chess Depository Interests (AMC) -1.7%	Amcor detracted from portfolio performance in April as global packaging peer indicated a slowing in volumes in key European and US markets. Amcor's exposure to staples largely prove resilient in a slowing environment, however following large inventory build in COVID, we are seeing evidence of de-stocking. We are currently expecting a weak short term outlook, however post the next 2 quarters we should see Amcor outperform more cyclical companies. Compared to defensive peers, AMC is trading at an attractive valuation. Looking through short term volatility, we see strong upside.

Portfolio Activity

BUY

N/A

SELL

N/A

Top 10 holdings (alphabetical)

Amcor PLC Shs Chess Depository Interests

ANZ Group Holdings Limited

BHP Group Ltd

National Australia Bank Limited

QBE Insurance Group Limited

Rio Tinto Limited

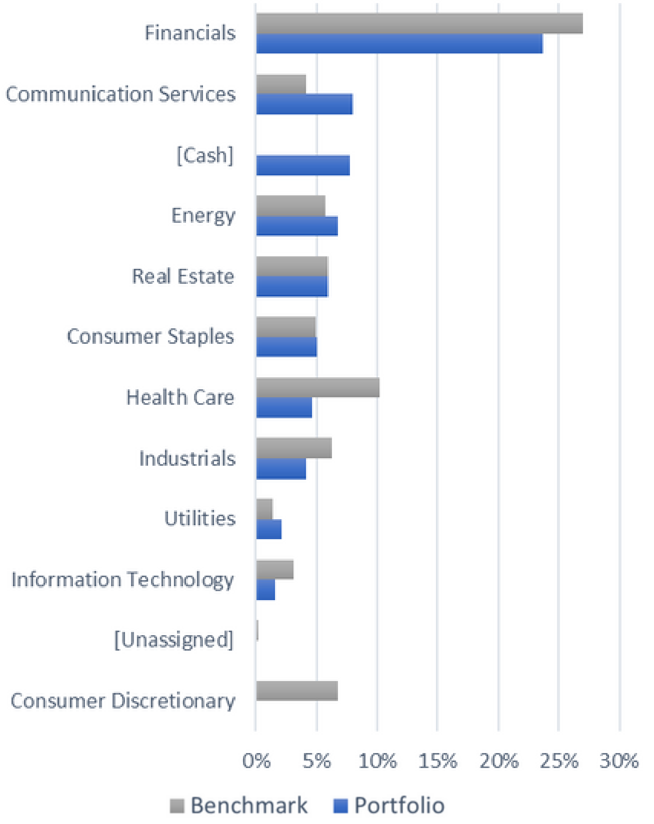
Sonic Healthcare Limited

Telstra Group Limited

Westpac Banking Corporation

Woodside Energy Group Ltd

Sector Positioning



Portfolio metrics*

	Ralton	XKOAI^
# of Securities	*26*	*307*
Market Capitalisation	*62,548.7*	*72,474.0*
Active Share	64.0	--
Tracking Error	*4.06*	--
Beta	*0.89*	*1.00*
Est 3-5 Yr EPS Growth	2.6	3.7
ROE	*18.2*	*18.6*
Div% NTM	5.57	4.29
P/E using FY2 Est	12.6	14.2
Price/Cash Flow	6.9	8.8

* 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 an in index.