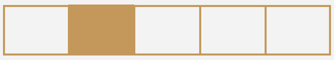
Ralton Dividend Builder

Quarterly Portfolio Report | June 2023

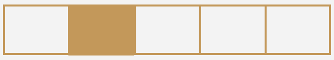
Key facts

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	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	**1.87%**	**0.12%**	**8.87%**	**4.29%**	**10.57%**	**4.93%**	**8.52%**	**7.22%**
Income	*0.26%*	*0.92%*	*5.50%*	*4.75%*	*4.59%*	*4.69%*	*4.67%*	*4.90%*
Growth	*1.60%*	*-0.81%*	*3.37%*	*-0.47%*	*5.98%*	*0.24%*	*3.85%*	*2.32%*
Index[2]	**1.73%**	**0.99%**	**14.40%**	**3.27%**	**11.07%**	**7.12%**	**8.55%**	**5.97%**
Outperformance	**0.14%**	**-0.87%**	**-5.53%**	**1.02%**	**-0.51%**	**-2.19%**	**-0.02%**	**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 outperformed the ASX300 Accumulated Index in June, returning 1.87%, versus the index return of 1.73%. As the market has turned to again reward growth, as evidence by the performance of technology and growth companies, the portfolios tilt to income has resulted in a period of underperformance over the last 12 months. However, the portfolio has delivered strongly on a high and growing income stream with a 5.41% yield delivered to investors over the last year, well ahead of the broader market. We continue to focus on investing in companies with strong competitive advantages and valuation support which has held the portfolio in good stead during an extended period of volatility.

Contributors	Comment
QBE Insurance Group Limited (QBE) 7.2%	QBE returned 7.2% over June, driven by a sentiment shift towards interest rate expectations remaining higher and for longer worldwide as Central Banks act to combat sticky inflation. QBE had a running yield of approximately 4.1% on their investment book as of their 2023 half year result, which is expected to increase further bolstering earnings expectations.
Smartgroup Corporation Ltd (SIQ) 9.1%	SIQ has continued its recent run of good performance, with reports of easing supply chain constraints with regards to new cars adding to enthusiasm around the company. Recent management presentations revealed very strong enquiry levels around electric vehicles. Further, management stated that demand was coming from industries that previously had little interest in salary packaging, such as FIFO workers. We remain holders of SIQ and see further improvements to new car delivery times materially uplifting the company's profitability.

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Portfolio Performance

Detractors	Comment
Telstra Group Limited (TLS) -1.4%	TLS was sold off in the month following the 21 June 2023 announcement by the Australian Competition Tribunal that it would not grant authorisation for a regional network sharing agreement with TPG. This will have a limited impact on TLS's overall operations with the result having a greater impact on TPG, comparatively its share price was down 10.97%. TLS is raising prices on its mobile plans given its dominant market share, with the return of international roaming revenues and implementation of AI processes, all factors making this stock a long term hold.
Worley Limited (WOR) -3.1%	WOR's share price fell on no major news in June 2023. This may be attributable to MSCI Inc. reclassifying WOR's Global Industry Classification Standard (GICS) classification from Energy to Industrials, recognising WOR's strategic shift towards decarbonisation and sustainability-related work. This could have resulted in specialist energy sector managers selling WOR shares, weakening its share price. During the 1H23 results, management had indicated that wage inflation is a concern given a large portion of their expenses relates to their skilled engineering workforce. With inflation clearly sticker than anticipated compared to earlier in the year, it is also possible that investors may have taken the opportunity to de-risk their portfolios by reducing WOR exposures leading up to the end of FY23. We continue to see WOR as an attractive business with strong long term decarbonisation/energy transition growth potential.

Portfolio Activity

BUY

N/A

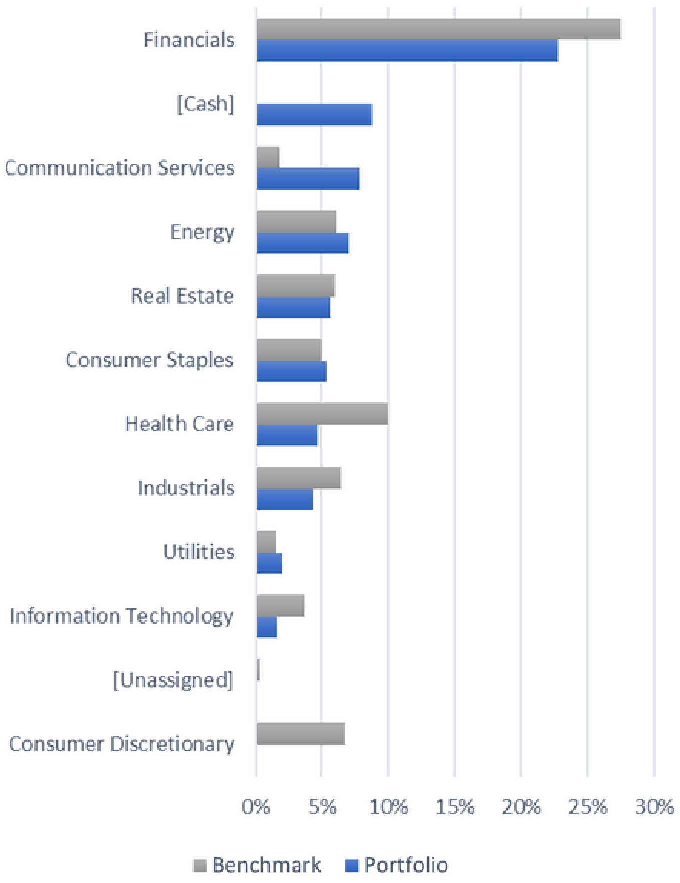
SELL

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	*27*	*298*
Market Capitalisation	*62,349.7*	*72,459.6*
Active Share	65.8	--
Tracking Error	*3.88*	--
Beta	*0.87*	*1.00*
Est 3-5 Yr EPS Growth	2.2	2.8
ROE	*18.5*	*18.7*
Div% NTM	5.68	4.43
P/E using FY2 Est	13.2	14.5
Price/Cash Flow	6.8	8.7

* 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 an in index.