

# Ralton Dividend Builder

Monthly Portfolio Report | July 2023



## Key facts

### Income versus growth target



### Market cap bias



### 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.)<sup>1</sup>

	At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton		<b>3.96%</b>	<b>3.29%</b>	<b>8.43%</b>	<b>5.50%</b>	<b>12.07%</b>	<b>5.32%</b>	<b>8.45%</b>	<b>7.45%</b>
Income		0.07%	0.99%	5.57%	4.69%	4.61%	4.70%	4.68%	4.88%
Growth		3.89%	2.30%	2.86%	0.81%	7.46%	0.62%	3.77%	2.57%
Index <sup>2</sup>		<b>2.89%</b>	<b>2.03%</b>	<b>11.09%</b>	<b>4.18%</b>	<b>11.91%</b>	<b>7.46%</b>	<b>8.30%</b>	<b>6.13%</b>
Outperformance		<b>1.07%</b>	<b>1.26%</b>	<b>-2.67%</b>	<b>1.32%</b>	<b>0.16%</b>	<b>-2.14%</b>	<b>0.15%</b>	<b>1.32%</b>

<sup>1</sup> 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.

<sup>2</sup> Index means the S&P/ASX 300 Accumulation Index.

## Portfolio Performance

The Ralton Dividend Builder Portfolio outperformed the ASX300 Accumulated Index in July, returning 3.96%, versus the index return of 2.89%. As the market has turned to again reward growth, evidenced by the performance of technology and growth companies, the portfolio's tilt to income has resulted in a period of underperformance over the last 12 months. However, the portfolio has delivered a strong and growing income stream to investors over the last year, 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
<b>Smartgroup Corporation Ltd (SIQ)</b> 14.1%	SIQ continued its recent positive share price momentum in July, with positive news around new car sales, car delivery times and electric vehicle sales contributing to the movement. New CEO Scott Wharton took over the reins during the month in a move that was flagged months earlier, which we believe was well received by the market. With the highest proportion of novated leasing earnings of the listed players, we expect the company to continue to be well placed for growth in future years.
<b>Worley Limited (WOR)</b> 9.9%	WOR was reclassified to the Industrials sector from Energy recently given its predominantly engineering based operations servicing the green energy transition and continues to benefit as a result. The share price was strong in the month outperforming both the Energy and Industrial sectors which were up around 7% and 2% respectively. Energy stocks continue to be supported in the short term from OPEC and Russian oil output cuts.
<b>Incitec Pivot Limited (IPL)</b> 10.2%	IPL increased 10% during July as the company confirmed recent media speculation that the company has formally been approached by global parties to acquire the group's fertiliser business. At the same time, fertiliser prices have reversed recent weakness, supporting future earnings growth. Retain buy.

## Portfolio Performance

Detractors	Comment
<p><b>Telstra Group Limited (TLS)</b> -0.9%</p>	<p>With no news released during the month, telecommunications and defensives generally underperformed as expectations of the level of forward terminal rates declined given favourable macro news benefiting other sectors that have lagged in performance.</p>
<p><b>Sonic Healthcare Limited (SHL)</b> -1.2%</p>	<p>SHL trended sideways, falling against a broadly strong market in July. After a strong period of performance, including a number acquisitions announcements, the company looks set to enter a consolidation phase as management looks to extract synergies, with increasing evidence that tight labor markets continue to pressure costs. We will reassess the investment thesis and target price at the upcoming FY23 result.</p>

## Portfolio Activity

BUY

N/A

SELL

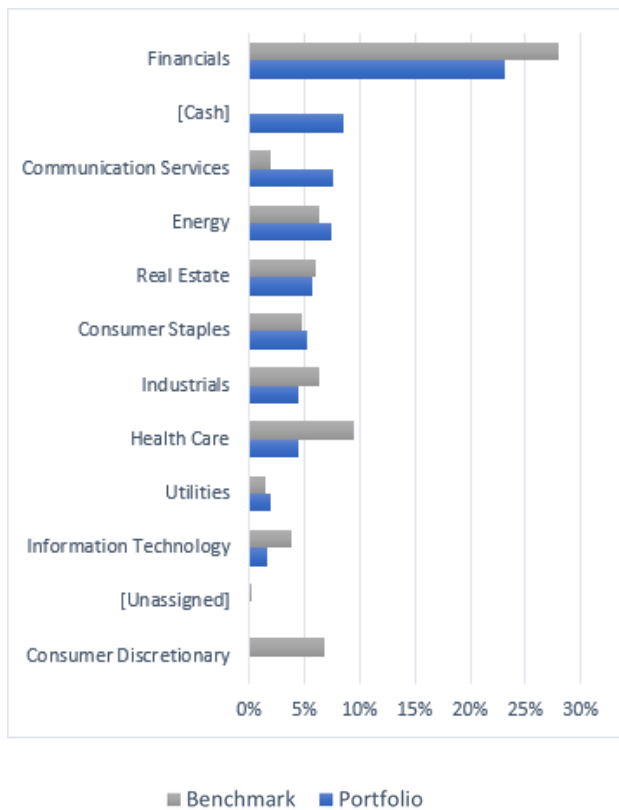
N/A

## 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 <sup>^</sup>
# of Securities	27	299
Market Capitalisation	64,329.4	74,354.2
Active Share	65.3	--
Tracking Error	3.69	0.00
Beta	0.88	1.00
Est 3-5 Yr EPS Growth	2.0	2.3
ROE	18.4	18.6
Div% NTM	5.46	4.30
P/E using FY2 Est	14.2	15.5
Price/Cash Flow	7.1	9.0

\* Source: FactSet

<sup>^</sup> 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.