

# Ralton Dividend Builder

Monthly Portfolio Report | September 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		-1.93%	-1.19%	9.43%	2.29%	10.75%	4.27%	7.39%	7.02%
Income		0.80%	1.30%	4.69%	4.36%	4.57%	4.61%	4.64%	4.91%
Growth		-2.73%	-2.49%	4.73%	-2.08%	6.18%	-0.34%	2.75%	2.11%
Index <sup>2</sup>		-2.89%	-0.84%	12.92%	1.93%	10.78%	6.62%	7.40%	5.81%
Outperformance		0.96%	-0.35%	-3.49%	0.36%	-0.03%	-2.35%	-0.01%	1.21%

<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 September, returning -1.93%, versus the index return of -2.89%. 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>QBE Insurance Group Limited (QBE)</b> 4.9%	In September, QBE increased 5.00%, outperforming a weaker ASX300 Accumulation Index (-3.30%). QBE earnings benefit from higher bond yields which are held to offset future liabilities. Moreover we continue to see a favourable premium cycle with policy prices continuing to increase. In a weaker market the company's non-cyclical earnings saw investor support.
<b>Incitec Pivot Limited (IPL)</b> 7.2%	IPL continued its strong run, increasing 7% over the month with the quarterly performance now +14%. The key driver of performance was a rebound in global ammonia pricing, which increased 47% over the month. We see an improving outlook with near term catalysts set to see IPL continue its strong performance.
<b>ANZ Group Holdings Limited (ANZ)</b> 1.3%	ANZ emerged as the top-performing bank stock for the month. Our thesis is based on ANZ's reduced risk profile, its broad range of business segments, and its greater focus on the Institutional segment, all of which are endorsed by industry experts.

## Portfolio Performance

Detractors	Comment
<b>GQG Partners, Inc.</b> <b>Shs Chess</b> <b>Depository Interests</b> <b>Repr 1 Sh (GQG)</b> -11.3%	GQG was weaker in September, selling off in sympathy with global equities as markets continued to adjust to higher US long rates. We continue to see value in GQG, supported by its robust growth outlook and attractive valuation metrics.
<b>James Hardie</b> <b>Industries PLC</b> <b>Chess Units of</b> <b>Foreign Securities</b> <b>(JHX)</b> -12.3%	JHX declined in September as higher bond yields saw housing related companies ease after a very strong period of performance with US mortgage rates moving to new highs. JHX has increased 54% to date in 2023. Despite the already strong performance we see further upside given our view of a structural undersupply of housing in the US.
<b>GPT Group (GPT)</b>	Bond yields shot up dramatically in September, which was bad news for property valuations. The ASX 200 A-REIT index declined -8.72% and GPT fell -7.14%. GPT has a near equal exposure to each of the major subsectors, yet it is trading as if it is a pure play office Australian real estate investment trust (AREIT). The current share price is at a 35% discount to net tangible assets, we see the relative value of GPT as attractive. The recently announced new CEO is joining a highly capable management team.

## Portfolio Activity

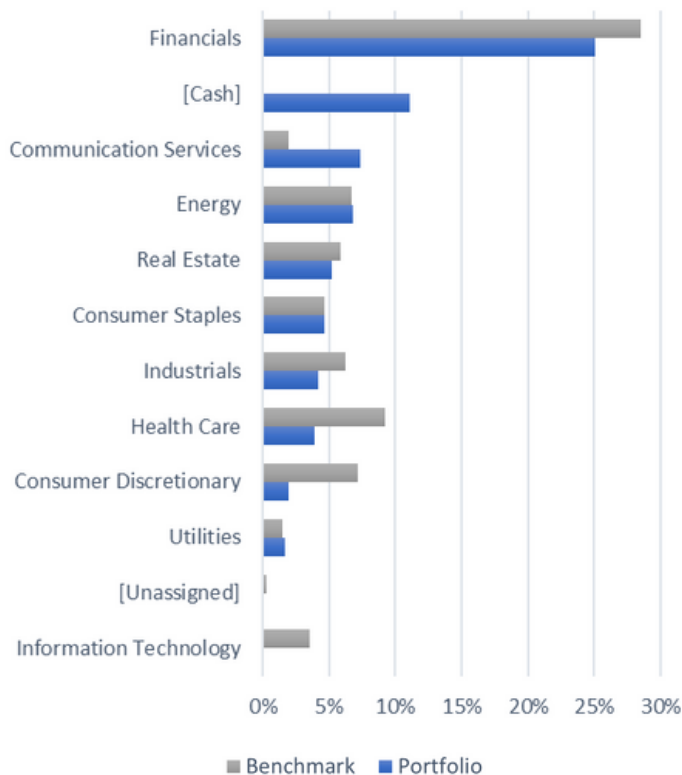
<b>BUY</b>	
-	-
<b>SELL</b>	
-	-

## Top 10 holdings (alphabetical)

Amcor PLC Shs Chess Depository Interests  
 ANZ Group Holdings Limited  
 BHP Group Ltd  
 Mineral Resources Limited  
 National Australia Bank Limited

QBE Insurance Group Limited  
 Rio Tinto Limited  
 Sonic Healthcare Limited  
 Telstra Group Limited  
 Woodside Energy Group Ltd

## Sector Positioning



## Portfolio metrics\*

	Ralton	XKOAI <sup>^</sup>
# of Securities	29	304
Market Capitalisation	66,194.7	71,862.7
Active Share	63.8	--
Tracking Error	3.45	0.00
Beta	0.86	1.00
Est 3-5 Yr EPS Growth	1.3	3.8
ROE	21.2	18.8
Div% NTM	5.38	4.19
P/E using FY2 Est	12.9	14.2
Price/Cash Flow	7.0	8.6

\* 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.